As of 11 a.m. ET **DJIA** 10221.95 ▼ 1.47% **FTSE 100** 5278.23 ▼ 1.21% **Nikkei 225** 10101.96 ▼ 0.95% **Shanghai Comp.** 3060.62 ▲ 1.27% **Hang Seng** 20399.57 ▼ 0.33% **Sensex** 16254.20 ▼ 0.01% **S&P/ASX 200** 4594.07 ▼ 1.17%

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Singh gambles in Pakistan talks

By Amol Sharma

NEW DELHI—Indian Prime Minister Manmohan Singh's pursuit of the peace talks with Pakistan that began Thursday is a gamble that could shape the 77-year-old politician's legacy. Either he'll be remembered as a visionary statesman with the guts to do what wasn't popular, or as a naïve leader who watered down his country's hard line on terrorism.

The foreign secretaries of India and Pakistan met in New Delhi, the first talks between the countries since the 2008 Mumbai terrorist attacks. The officials described the meeting, which were started at India's initiative, as constructive. India's Foreign Secretary Nirupama Rao said afterward the two sides had agreed to "stay in touch."

But it was clear from the meeting that they remain far apart even on choosing the subjects they should discuss. No date was set for another meeting.

Ms. Rao said after the meeting that she asked Pakistan to do more to "unravel the full conspiracy behind the Mumbai attack," an assault planned in Pakistan that killed 166 people. Her counterpart, Pakistan's Salman Bashir, said the "core issue" between the countries is the Himalayan territory of Kashmir, which they both claim in its entirety. "Any attempt to be dismissive of this issue will not be helpful," Mr. Bashir told reporters after the meeting.

The talks carry some risks for both governments if they go beyond what their constituencies are willing to bear. But Pakistan has long said it wants talks to resume, and more than India wants a change in the status quo in Kashmir.

If a formal dialogue emerges on Kashmir and other issues beyond terrorism, Mr. Singh could face fierce domestic opposition. The countries' last round of talks, which began in 2004, was premised on Pakistan's promise to shut down militants on its soil. But after the Mumbai attacks, India broke off dialogue and said relations couldn't improve without concrete action by Islamabad on terrorism.

Indian officials say Pakistan has made some progress rounding up and prosecuting suspects in the Mumbai attacks. But for many Indians, Pakistan may not have done enough. Any further terror at-

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■ U.S. pursues military deals with South Asian rivals 5

Coca-Cola to buy its biggest bottler

Gaining control
Coca-Cola Enterprises shares surged 34% to $25.62 in noon trading Thursday, while Coca-Cola was down 4.3% to $52.80. Performance of the companies since Jan. 1, 2009:
120%
80
40
0
-40
-80
Coca-Cola Enterprises ▼
◄ Coca-Cola
J F M A M J J A S O N D J F
2009
2010
Sources: Thomson Reuters Datastream (performance); Associated Press (photo)

By Betsy McKay

Coca-Cola Co. agreed Thursday to acquire the bulk of its largest bottler, following a similar move under way by rival **PepsiCo** Inc. as the two compete to meet changing consumer tastes in North America.

In a deal valued at approximately $12 billion, Coke will acquire **Coca-Cola Enterprises** Inc.'s North American operations. At the same time, CCE will buy Coke's bottling operations in Norway and Sweden, and possibly later Coke's stake in its large German bottling operations, melding it with its current operations in the U.K., France and other European countries to form a large independent European bottler.

The deal marks a major change in the strategy the company has pursued in the U.S. since 1986, when CCE was formed as a large, publicly traded company separate from Atlanta-based Coke.

It also comes as PepsiCo is about to close acquisitions of its two largest independent bottlers, putting pressure on Coke to make a similar move to gain the same competitive advantages PepsiCo stands to reap.

Speaking to investors and analysts Thursday morning, Coke's chairman and CEO, Muhtar Kent, called the deal "an evolution" in the company's bottling strategy rather than an about-face.

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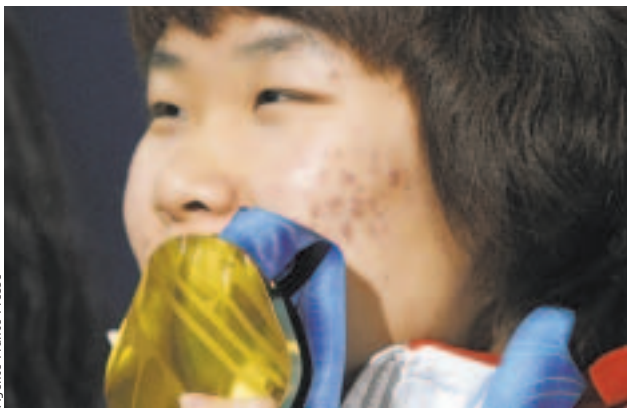
China warms to Winter Games

By Ian Johnson

BEIJING—As the Vancouver Winter Olympics draw to a close, China's sports machine is quietly putting on a clinic in how to climb the medals standings.

China has poured increasing resources in the Winter Games after snagging the most gold medals in the Beijing Summer Olympics two years ago. As of Wednesday, with four days left of Olympics play, it had won eight medals, tied for ninth with Switzerland and Sweden. Four years ago, at the Winter Olympics in Turin, it won 11.

But four of China's medals so far are gold, double the haul from Turin and its highest total in the Winter Games, and it looks set to continue its effort. By contrast, Canada is considering cutting a similar program after the nation hasn't come close to leading in the overall medal count.



Agence France-Presse

China's Zhou Yang took gold in women's 1,500-meter short track.

So far, the gold has come mostly in areas where China had been expected to do well: speed skating and freestyle skiing. But it also won gold in figure skating even though the duo ofShen Xue and Zhao Hongbowas unranked. It also has a good chance in women's curling, where it is the reigning world champion, plus aerials and more in speed skating over the Games' final days.

This in a country that officials say has just 30 standard-sized skating rinks nationwide and virtually no public participation in other winter sports.

"The Olympics are about changing China's image," says Donnie Pei, a historian of Chinese sports at the Capital Institute of Sports, a college. "We used to be called the 'sick man of Asia,' and now we want to show that we're not as weak as you think."

The government is committed to expanding mass participation. Last year it spent $60 million, raised through a lottery, on public sports, up from $40 million in 2007. An additional $15 million went to

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■ Skaters embody Korean-Japanese sports rivalry 12

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12-Node SPARC Enterprise T5440 server cluster, 7,646,486 tpmC, $2.36/tpmC, available 3/19/10.
IBM Power 595 Server Model 9119-FHA, 6,085,166 tpmC, $2.81/tpmC, available 12/10/08.

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What's News—

* * *

Business & Finance

■ **An unexpected jump** in weekly jobless claims sparked concerns about the U.S. economy and dragged down stocks, putting the DJIA on track for its fourth triple-digit decline this month. A rising yen added to the pressure on exporters in Tokyo. **23**

■ **Orders for U.S.-made** durable goods soared in January, helped by a surge in demand for commercial aircraft. **9**

■ **Greece's planned bond offering** has fueled concerns and rattled investors across Europe, reigniting expectations that Athens will require more than rhetorical support from EU leaders to solve its fiscal crisis. **3**

■ **GM is weighing two offers** for its Hummer brand after a deal to sell the SUV line to China's Tengzhong collapsed. **18**

■ **India's chief economic adviser** said legislation is needed to eliminate waste and corruption in distribution of subsidized grains. **6**

■ **Akio Toyoda's** apologetic testimony in the U.S. won support at home, as Toyota said the car maker's president had a "cordial and open discussion" with the U.S. Transportation Secretary. **15**

■ **Three Japanese car makers** will recall a total of more than 550,000 vehicles, mostly in Japan. The recalls by Nissan, Suzuki and Daihatsu are to begin Friday. **18**

■ **Quarterly losses at Blackstone** and Fortress narrowed, and Blackstone's CEO said that the worst is over for Western economies. **20**

■ **Frank Yu**, an ex-managing director at U.S. hedge fund Och-Ziff Capital Management, is seeking to raise up to $500 million for a China-focused private-equity fund. **22**

■ **Japanese brokerage Nomura** plans to offer dollar bonds outside Japan for the first time, in a move to expand business in the U.S. **16**

European Pressphoto Agency

A security guard stands watch Thursday at the Supreme Court in Bangkok. Thailand is bracing for what local media call 'Judgment Day' on Friday, when the court is to rule on whether to seize billions of dollars in frozen bank accounts of former Prime Minister Thaksin Shinawatra and his family. Ahead of the verdict, the government has called in the troops, with more than 20,000 soldiers and police on alert nationwide. Updates at asia.WSJ.com

■ **Moody's warned** that Japan's credit rating could be lowered if the government fails to craft a convincing plan to get its fiscal situation under control. **6**

■ **China's central bank favors** legalizing some underground lenders and removing ceilings on interest rates, changes that would make it easier for small businesses to get loans. **6**

■ **Microsoft mounted** a legal attack this week to try to take down a global network of PCs that the firm accuses of spreading spam and harmful computer code. **18**

■ **RBS reported a 2009 net loss** of $5.56 billion amid a leap in charges on bad loans, but it signaled that the worst in bad-debt charges may be behind it. **21**

■ **NEC aims to boost** its group net profit in the fiscal year ending March 2013 to $1.1 billion, 10 times its estimate for the current fiscal year. **16**

■ **Netease's profit** in the fourth quarter was nearly flat after a dispute over the "World of Warcraft" game cut margins. **16**

■ **Palm said** its new smart phones aren't selling well, dealing a blow to a pioneer in the market. **17**

■ **Philip Morris Philippines** and Fortune Tobacco formed a new company that will unite the two firms' Philippine distribution and manufacturing operations. **18**

■ **Toll Holdings said** six-month net profit fell 32%, and it expects a similar second half. **18**

* * *

World-Wide

■ **Obama urged** U.S. lawmakers not to let a health-care summit deteriorate into "political theater," but he conceded that Democrats and Republicans may not be able to bridge the gaps that divide them on health legislation. **9**

■ **Afghan officials unfurled** the country's flag over the new government offices in Marjah, further evidence that U.S. and Afghan troops have reached a turning point in the offensive. **5**

■ **China warned the U.S.** against any future arms sales to Taiwan and reaffirmed its decision to suspend military exchanges over Washington's decision to sell military hardware to the island.

ONLINE TODAY

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1. Danger of Daily Aspirin
2. Kim Leaves Audience Shaken, Stirred
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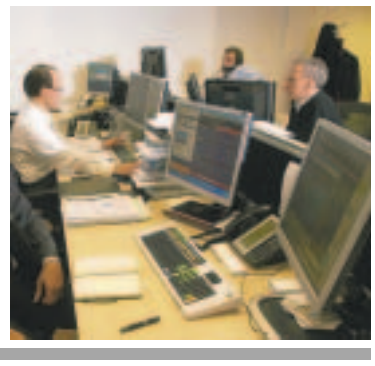
When would you bring a co-worker's unacceptable behavior to your manager's attention?



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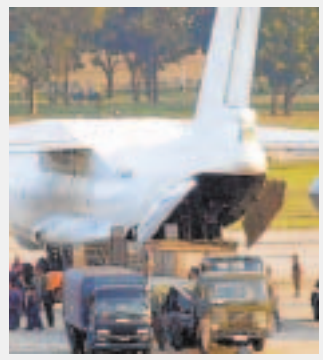

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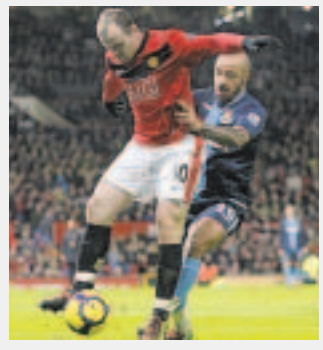

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Greece roils markets

Athens stocks slide amid concerns about planned bond offering

By Costas Paris

Rising concerns about a planned Greek bond offering rattled investors across Europe Thursday and reignited expectations that Athens will require more the rhetorical support from European Union leaders to solve its fiscal crisis.

Greece plans to issue a 10-year bond next week, after the government announces a new austerity package that will reduce spending between €2 billion and €2.5 billion ($2.7 billion to $3.4 billion), people familiar with the situation said. The government hopes to raise €3 billion to €5 billion from the offering.

The government initially planned to issue the 10-year bond this week, according to a person familiar with the matter, but the offering was delayed because of a 24-hour general strike on Wednesday and a warning by ratings agency Standard & Poor's that it could downgrade Greece's sovereign debt within a month.

Greek stocks slid nearly 3% Thursday and the euro slipped 0.5% against the dollar. This year, the Athens market is down almost 15% and the euro is off 5.5%. More broadly, the Pan-European DJ Stoxx 600 dropped 1.6% to 243.23 and the Dow Jones Industrial Average was off 1.6% early Thursday afternoon. The British pound, meanwhile, slid sharply as pessimism about the U.K.'s economic outlook mounted.

In the U.S., Federal Reserve Chairman Ben Bernanke on Thursday told Congress that he would investigate Goldman Sachs over so-called financial swaps that the firm provided to Greece that allegedly hid some of the nation's debt. Mr. Bernanke also said the Fed is looking into trades on credit-default swaps, a form of insurance against debt default, on European countries.

S&P said Greece faces a potential ratings cut of one or two notches, which would place the euro-zone nation on the brink of "junk" territory. S&P also said it didn't expect a euro-zone nation to default, nor did it expect any country to withdraw from the euro in the midterm.

Greece needs to borrow around €54 billion this year. It has so far raised €13 billion. Since about €22 billion of bonds mature in March and April, that amount must be raised from the market before then.

Credit markets also signaled increased nervousness about Greek's debt. Yields on 10-year Greek bonds rose to 3.64 percentage points above safer German bonds but remain shy of the peak 4.05-percentage-point spread reached in late January. The cost to insure against a possible Greek default also rose, but those figures remain below January highs.

Greece is under pressure by the European Union and financial markets to lower its budget gap, which hit an estimated 12.7% of gross domestic product last year, compared with the EU's 3% limit. The Socialist government has pledged to cut that deficit to 8.7% of GDP this year, and below 3% by 2012.

The steps due to be announced next week would come in addition to previously disclosed plans for a series of spending cuts and tax increases. These were aimed at producing €8 billion to €10 billion in savings and additional revenue.

So far, those measures include a freeze on civil-service wages; cutting public-sector entitlements by 10% on average; a fuel-tax increase; and closing dozens of tax loopholes for certain professions—including some civil servants—who now pay less than their fair share in taxes.

But since the EU expressed its rhetorical support for Greece on Feb. 12, member states including Germany and France have demanded that Greece take further steps to close its budget gap before they commit to giving it any specific financial support.

—Emese Bartha and Clare Connaghan contributed to this article.

Rising tension

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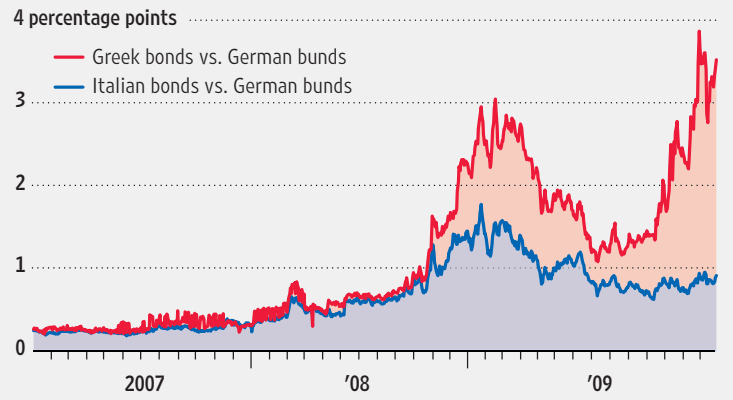
- European Union's statistical authority seeks more clout 7

Waning prospects

Daily spread between yields on Greek and Italian 10-year bonds and German bunds



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WORLD NEWS: ASIA

Pretoria seizes North Korean arms

South Africa, in confidential report to U.N., says Congo-bound shipment of tank parts came through Chinese port

Two containers filled with tank parts and other military equipment from North Korea were loaded on a ship in the Chinese port of Dalian and bound for the Republic of the Congo, before they were seized last year by South African authorities, according to a report to the United Nations filed this month by the Pretoria government.

*By **Joe Lauria, Gordon Fairclough** and **Peter Wonacott***

Agence France-Presse/Getty Images

South Africa told the U.N. the seized tank parts were concealed in containers lined with rice sacks. Documents identified the cargo as spare parts for a 'bulldozer.'

In a terse, two-page account offered to the U.N. committee overseeing the enforcement of sanctions imposed on North Korea, South Africa said that in November it confiscated gun sights, tracks and other spare parts for T-54 and T-55 tanks and other war material valued at an estimated $750,000.

The military equipment was concealed in containers lined with sacks of rice, said the confidential South African report, which was reviewed by The Wall Street Journal. Shipping documents identified the cargo as spare parts for a "bulldozer," according to the report, which said the goods were shipped by a North Korean company.

South Africa's seizure is the fourth publicly reported case of a government interdicting goods bound for or coming from North Korea after the U.N. Security Council imposed stricter sanctions against Pyongyang in June 2009. Thailand in December seized a planeload of North Korean rocket-propelled grenades and other weapons apparently bound for Iran.

The June sanctions were a response to a nuclear test North Korea conducted in May, its second such test prohibited by U.N. resolutions. The sanctions prohibit all arms-related trade with North Korea, urge national authorities to inspect suspicious North Korean cargos and allow countries to block financial transactions and freeze assets that could contribute to North Korea's weapons programs. The U.N.'s list of contraband North Korean items ranges from tanks and large-caliber artillery systems to attack helicopters and missile systems, and related spare parts.

North Korean officials weren't available to comment.

This latest incident is likely to focus attention on China's role in enforcing the measures against its ally and neighbor, with which it shares a long common border. China is by far North Korea's largest trading partner, and its most important supplier of everything from food to fuel and consumer goods. China, a permanent member of the Security Council, voted in favor of the tighter sanctions.

The report didn't suggest China played an official role in the transport and it wouldn't be difficult for containers to pass through Dailan undetected. Malaysian authorities also failed to detect anything remiss when the cargo passed through Port Klang.

Chinese foreign ministry spokesman Qin Gang said at a briefing with reporters Thursday that Beijing is aware of the issue and is looking into it, but declined to comment further. Chinese Customs officials also declined to comment Thursday.

Beijing has sought to balance competing interests—aiming to pressure Pyongyang to abandon its nuclear-weapons programs, without pushing hard enough to cause a sudden collapse of Kim Jong Il's regime, which could spark a military confrontation and lead to a flood of North Korean refugees into China.

Diplomats in neighboring South Korea have said they generally give China high marks for enforcing the expanded U.N. sanctions.

Saul Kgomotso Molobi, chief director for public diplomacy at South Africa's foreign ministry, confirmed the November cargo seizure but otherwise declined to comment, saying the matter is still under investigation. The reason for South Africa's delay in informing the U.N. of its actions remains unclear.

South Africa's report to the U.N. is short on detail. It doesn't indicate, for example, how the goods were identified as North Korean and how they were transported to Dalian, northeastern China across the Yellow Sea from North Korea.

The report said the containers were loaded in Dalian onto the **CMA CGM** Musca, a large, ocean-going container ship operated by the French shipping line CMA CGM and flying the United Kingdom's flag.

The Musca delivered the containers to Port Klang, one of Malaysia's busiest sea ports. There they were transferred to another ship, identified as the Westerhever, chartered by a CGA CGM subsidiary, the report says. The report says the shipping company ordered the Westerhever's captain to discharge the arms-laden containers in Durban, South Africa. It doesn't say who initially raised suspicions about the cargo.

CMA CGM said it was cooperating with the appropriate authorities and declined to comment specifically on the matter. "As a global carrier transporting every year millions of containers, CMA CGM takes its responsibilities to international regulation, the security their vessels, and the cargo carried on board, extremely seriously," the company said through a public-relations firm, Maritime Technical International.

The containers held communications equipment for tanks, gun sights, seats, tracks, tank periscopes, protective headgear for tank crews, search lights as well as a radio with Chinese markings, the South Africans said. The parts were for Soviet-designed T-54 and T-55 tanks, once widely used in the Eastern Bloc and still common in developing-country militaries.

The report says the shipment was to have arrived at Point Noire, in the Republic of Congo, and identified the intended recipient as DGE Corp., which it identified as a North Korean entity with a phone number in Congo. A recording at that number said the line isn't currently in service.

Africa has long been a major weapons buyer, given the multitude of armed conflicts on the continent. Wars, civil wars and insurgencies are estimated to cost Africa's economies a combined $18 billion a year, according to a 2007 joint analysis by the nongovernmental organizations International Action Network on Small Arms, Oxfam International and Saferworld.

Congo, also known as Congo-Brazzaville, is an oil-rich country ruled by Denis Sassou-Nguesso, who has been in power for much of the past three decades. Mr. Sassou-Nguesso, who was re-elected last year, has been accused by Transparency International of spending his country's oil wealth on lavish cars and property in France, allegations he denies. His government has been engaged in on-and-off battles with rebels.

Representatives at the Congo's South African Embassy in Pretoria couldn't be reached Thursday to comment on the situation.

Since many such weapons deals are brokered by middlemen, it is possible that Congo wasn't aware that North Korea was the seller and that it was violating U.N. sanctions with the purchase, according to Guy Lamb, an arms-control analyst in Cape Town for the Institute for Security Studies.

Arms sales were once an important source of hard-currency earnings for the reclusive Communist North Korean government, which maintains one of the world's largest standing armies despite a crumbling domestic economy that has for years left the country facing famine and fuel shortages.

The U.S. Congressional Research Service has estimated that between 1998 and 2001, Pyongyang earned an average of about $250 million a year from conventional weapons sales. But analysts believe that North Korean arms exports have been declining for some time in the face of increased international scrutiny.

The impact of the new U.N. sanctions on North Korea has been difficult to measure. But one sign of their effectiveness is the speed with which Pyongyang has reached out to South Korea, which it had pushed away for more than a year before the sanctions, for new economic assistance. South Korea has offered humanitarian help but made economic aid contingent on Pyongyang's scaling back its nuclear-weapons program.

As North Korea has become increasingly isolated, it has become more reliant on China to keep its economy afloat.

In 2009, according to Chinese government figures, two-way trade between the two neighbors totaled $2.68 billion, down 4% from the year earlier, but up nearly 36% compared with 2007. China's exports to North Korea were $1.89 billion last year, down about 7% from 2008, while imports rose 4% to $793 million.

Chinese traders based in Dandong, China, said trade with the North has fallen since the sanctions were imposed and that Chinese authorities have noticeably stepped up inspections of the cargos that travel by truck and rail over the bridge linking Dandong to North Korea, one of the main conduits for trade between the neighbors.

Still, traders say, roughly 200 trucks carry goods every day between China and North Korea. "China just like a big supermarket for North Korea," said an official at one large Dandong trading company. "We do all kinds of business with North Korea, exporting whatever they need."

Officials with shipping companies in Dalian also say trade has declined since last year. One North Korean shipping company has a regular run that visits Dalian roughly once a week, said one shipping company official, who said most of the containers it carries are goods in transit bound for other ports. He said Chinese Customs officials seldom open containers to inspect cargos.

The shipping officials said it is highly unlikely goods from North Korea would be shipped into China by land and brought to Dalian to be put on a ship. Cargo generally comes to Dalian from North Korea by sea for transshipment, they said.

—Kersten Zhang in Beijing, Evan Ramstad in Seoul and David Gauthier-Villars in Paris contributed to this article.

U.S. expands arms-sales to rivals

Weapons transfers to India and Pakistan rise as Washington aims to maintain neutrality and aid industry

By Yochi J. Dreazen And Amol Sharma

The Obama administration is sharply expanding American weapons transfers to both India and Pakistan, longtime rivals who sat down for peace talks Thursday.

The U.S. has sought to remain neutral in the thorny relationship between the nuclear-armed neighbors. But Washington hasn't been shy about pursuing weapons deals in the region, which officials say will lead to closer ties with each country while creating new opportunities for American defense firms.

The U.S. has made billions of dollars in weapons deals with India, which is in the midst of a five-year, $50 billion push to modernize its military.

At the same time, American military aid to Pakistan stands to nearly double next year, allowing Islamabad to acquire more U.S.-made helicopters, night-vision goggles and other military equipment. The aid has made it easier for Pakistan to ramp up its fight against militants on the Afghan border, as the U.S. tries to convince Islamabad that its biggest security threat is within the country, not in India.

During a late January trip to Islamabad, Defense Secretary Robert Gates said the U.S. would for the first time give Pakistan a dozen surveillance drones, a longstanding Pakistani request.

But India and Pakistan have each been irked when the U.S. made big-ticket weapons sales or transfers to the other. India lobbied against recent U.S. legislation giving Pakistan billions of dollars in new nonmilitary aid; the measure passed. A top Pakistani diplomat warned last week that a two-year-old civilian nuclear deal between the U.S. and India could threaten Pakistan's national security by making it easier for India to covertly build more nuclear weapons.

Washington's relationships with the two nations are very different. India, which is wealthier and larger than its neighbor, pays for weapons purchases with its own funds. Pakistan, by contrast, uses American grants to fund most of its arms purchases. A new U.S. counterinsurgency assistance fund for Pakistan is slated to increase from $700 million in fiscal year 2010 to $1.2 billion in fiscal year 2011.

"We do straight commercial deals with India, while Pakistan effectively uses the money we give them to buy our equipment," said a U.S. official who works with the two countries. "But we think that's ultimately in our national interest because it makes the Pakistanis more capable of dealing with their homegrown terrorists."

India is one of the largest buyers of foreign-made munitions, with a long shopping list which includes warships, fighter jets, tanks and other weapons. Its defense budget is $30 billion for the fiscal year ending March 31, a 70% increase from five years ago. The country is preparing its military to deal with multiple potential threats, including conflict with Pakistan. Tensions have recently flared between India and China over territorial claims along their border. China defeated India in a short war in 1962.

"For 2010 and 2011, India could well be the most important market in the world for defense contractors looking to make foreign military sales," said Tom Captain, the vice chairman of **Deloitte** LLP's aerospace and defense practice.

Russia has been India's main source of military hardware for decades, supplying about 70% of equipment now in use. Moscow is working to keep that position, with talks ongoing to sell India 29 MiG-29K carrier-borne jet fighters, according to an Indian Defense Ministry spokesman.

The Obama administration is trying to persuade New Delhi to buy American jet fighters instead, and has dispatched senior officials such as Mr. Gates to New Delhi to deliver the message that Washington hopes India will choose American defense firms for major purchases.

In late January, the administration signed off on India's request to purchase 145 U.S.-made howitzers, a $647 million deal.

That came days after India formally expressed its intent to purchase 10 cargo transport aircraft from **Boeing** Co. in a deal analysts say could be worth more than $2 billion. Last year, India spent $2.1 billion on eight Boeing long-range Poseidon reconnaissance aircraft for the Indian navy.

Still in the pipeline is India's planned $10 billion purchase of 126 multirole combat aircraft for its air force. U.S. firms Boeing and **Lockheed Martin** Corp. are vying with Russia and European companies for that deal.

"That's the biggest deal in the world right now," said Mr. Captain. "If it goes to an American firm, that would be the final nail in the coffin in terms of India shifting its allegiance from Russia to the U.S."

Open markets

Some recent U.S. arms deals to India and Pakistan

Boeing

AFP/Getty Images

To Pakistan:

F-16 FIGHTER JET ▲
- Manufacturer: **Lockheed Martin**
- Amount: **$3 billion**
- Quantity: **18 planes, plus spare parts, munitions and other services**

To India:

C-17 CARGO PLANE
- Manufacturer: **Boeing**
- Amount: **Estimated at more than $2 billion**
- Quantity: **10 cargo planes**

POSEIDON LONG-RANGE ▲ RECONNAISSANCE PLANE
- Manufacturer: **Boeing**
- Amount: **$2.1 billion**
- Quantity: **8 planes**

M777 LIGHT-WEIGHT ▶ HOWITZER
- Manufacturer: **BAE Systems**
- Amount: **$647 million**
- Quantity: **145 pieces**

U.S. Navy

Michael M. Phillips/The Wall Street Journal

Officials raise the Afghan flag at new government offices in Marjah, Thursday.

Marjah marks a new era

By Michael M. Phillips

MARJAH, Afghanistan—Afghan officials unfurled the country's green, red and black flag over the new government offices here, further evidence that U.S. and Afghan troops have reached a turning point in the offensive to reclaim this town from the Taliban.

Ghulab Mangal, governor of restive Helmand province, and Brig. Gen. Shir Mohammed Zarzai, commander of the Afghan army's 205th Corps, described Thursday's flag-raising as symbolizing the Kabul government's return to the southern town of Marjah—and its promise to rule more honestly than it did before the Taliban took control two years ago.

"Nobody can tell me that during the last two years the Taliban did a single thing for you," Gov. Mangal told hundreds of tribal elders and other men and boys, who applauded politely. "Can you tell me they built a school? A clinic? Helped the poor? Built roads? Fixed the canals?"

Afghan authorities and their international backers see the Marjah offensive as a test of the effectiveness of U.S. President Barack Obama's troop escalation, and of Afghan President Hamid Karzai's pledge to crack down on corruption.

Coalition and Afghan officials acknowledge that to win over Marjah residents, they'll have to match the Taliban's respect for tribal tradition and efficient justice system, while outdoing their rivals in delivering honest government services with a more humane touch than the insurgents'. Kabul's relations with locals were soured by the corrupt and brutal practices of the provincial police, opening the door to the Taliban.

The coalition has tens of millions of dollars at the ready to repair battle damage, provide education, supply health care and launch economic-development projects.

More than 50 Marjah residents each earned $5 and a wind-up radio for a day's work cleaning up the area around the Loy Chareh bazaar on Wednesday.

The new district administrator has been living in Marjah since Tuesday, meeting with town notables and delivering food aid and blankets.

"The point at which you have enough security to do something symbolic like this is the point at which the hard work of delivering governance starts," British Maj. Gen. Nick Carter, commander of allied troops in southern Afghanistan, said of the flag-raising.

At least 10 U.S. and Afghan troops have died in the offensive, which began on Feb. 13. Marine officers estimate 150 Taliban were killed in fighting that raged for more than a week.

"We haven't had a gunfight in three days," Brig. Gen. Larry Nicholson, commander of Marine forces in Marjah, said Thursday. "Enemy resistance has subsided more quickly than we expected."

Commanders remained wary. Marine vehicles hit three buried explosives on Thursday, causing relatively minor injuries.

India adviser targets food handouts

Top economist Basu says new laws are needed to eliminate waste in distributing essentials to the neediest

By Amol Sharma

NEW DELHI—India's chief economic adviser said legislation is needed to eliminate waste and corruption in the distribution of subsidized food grains, which would also help India cut spending, trim its deficit and ensure those in need aren't priced out of essential commodities.

Kaushik Basu spoke in an interview Thursday after releasing an economic survey predicting India's growth will return to 9% in the fiscal year beginning April 1, 2011, and on the eve of the government's budget blueprint for the fiscal year that begins April 1. The government is under pressure to rein in a fiscal deficit that amounts to 6.8% of gross domestic product without sacrificing popular social programs.

High double-digit food inflation has become a major political issue. Mr. Basu said he supports efforts to pass legislation to make food availability a right for all Indians. The key, he said, is to reduce "leakages" in public distribution of grains—corruption and inefficiencies that prevent subsidized commodities from getting to the neediest people.

Reuters

A worker empties sacks at a wholesale grain market in the northern Indian city of Chandigarh on Feb. 15. Food-price inflation has become a major issue.

"You can give the target population double the benefits by spending half the money—and once you save that money, you can direct it to improving human capital, infrastructure and deficit control," said Mr. Basu, who became top adviser in the ministry of finance in December, taking a leave from Cornell University, where he teaches economics.

The Congress party-led government elected last year pledged to enact a food-security measure. But critics say the new government hasn't done enough to counter the rise in the price of wheat, sugar and other commodities, with year-over-year food inflation reaching 18%.

Mr. Basu said broad-ranging food-security legislation could have some "tempering effects" on prices in the long term if it includes measures to increase agricultural productivity and boost supply. But its main impact in the short term would be to ensure poor Indians are guaranteed basic foodstuffs at subsidized rates, he said.

The government's fiscal stimulus over the past year—a combination of excise and service tax cuts, along with a major boost in public spending—helped growth rebound to an estimated 7.2% for the year ending March 31. Mr. Basu said growth is expected to ramp up to roughly 8.5% in the year beginning April 1, 2010, and 9% the following year.

"This turnaround is government-led, in the sense that the stimulus made a huge difference," Mr. Basu said. But he said the economy has a number of factors driving its growth, including a high domestic savings rate, so pulling back the stimulus won't sap growth.

"You can't have the stimulus on for too long—you're injecting too much buying power, it could cause inflation," he said. "You will have to taper it off eventually."

Mr. Basu said the Indian government is keeping an eye on large foreign-capital inflows, which totaled $30 billion from April to September 2009. While the government generally wants to promote investment in India's markets, there is concern that continued large inflows could lead to a dramatic appreciation in the rupee that could hurt exporters, as happened in 2007.

"I don't think there's a consensus on what we should do if that happens [again]," he said. "Once the budget process is over, we should put our heads together and think of a way to let the money in and still manage it well enough so there's isn't a huge appreciation."

Japan faces rating threat

By Tomoyuki Tachikawa

TOKYO—Moody's Investors Service warned Thursday that Japan's credit rating could be lowered if the government fails to craft a convincing plan to get its fiscal situation under control.

"The issue is if the deficits can't be reduced over the years beyond 2010, then that'd be negative," Moody's Senior Vice President Thomas Byrne said at a news conference.

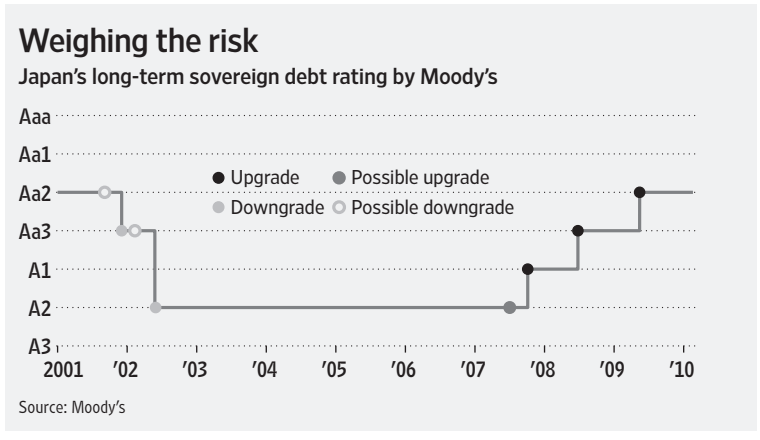
In particular, the ratings agency will closely watch the Democratic Party of Japan administration's mid-term plan for fiscal reform, due out in June, as "a boundary measurement" in assessing the future of the sovereign rating.

The comments add weight to voices expressing concern about the sustainability of the government's perennially high spending and entrenched debt levels.

Analysts say soaring public spending could further threaten Japan's fiscal sustainability and make investors reluctant to actively buy longer-dated government bonds.

Japan's public-debt level is the highest among industrialized nations, at 180% of annual economic output.

Mr. Byrne said "a severe and protracted deterioration in government finances" could be a factor in deciding to lower Japan's sovereign-debt rating.



At the same time, there are several factors weighing in Japan's favor, he said.

"Affordability for such a high level of debt comes from special characteristics, in particular, a deep and stable domestic funding base, captive savings in the postal savings system and other financial institutions, and a strong home bias among domestic investors."

Last May, Moody's upgraded Japan's domestic credit rating to Aa2 from Aa3, in part because the domestic market has comfortably absorbed new government borrowing.

The agency also said in January the outlook on the rating remains stable.

However, Standard & Poor's Ratings Services in January cut the outlook on the sovereign rating to negative from stable.

If Moody's follows suit, the country's financial credibility would be significantly damaged.

This could push long-term interest rates sharply higher, and that could act as a brake on economic growth.

The government has said its National Strategy Office—a key policy-making body—will develop a mid-term fiscal-reform plan by the end of June to chart a path to fiscal rehabilitation.

Japanese government bond market participants will pay close attention to the plan for clues on whether to continue raising their superlong-term bond holdings.

China may legalize gray-market loans

BEIJING—China's central bank favors legalizing some gray-area private lenders and removing ceilings on interest rates, an official said Thursday, changes that would make it easier for the nation's small and private businesses to get loans.

The People's Bank of China plans to submit proposals for the regulatory changes to the State Council, or cabinet, as soon as possible, said Zhou Xuedong, director general of the central bank's law and regulation department.

The proposals come as China's government has said it wants to boost the development of the private sector, which has traditionally been at a disadvantage in getting loans from the largely state-dominated banking sector.

Mr. Zhou said the central bank plans to propose removing a rule that has been in place since 1995 that caps interest rates charged by makers of microloans at four times the benchmark lending rate.

He told a financial forum in Beijing that, in practice, many micro-lending firms have charged rates above the ceiling, which was put in place to protect poorer people from possible predatory lending. Mr. Zhou said the situation has improved, so a rule change would be appropriate.

He also said the central bank has drafted a proposal to legalize non-bank private-lending firms, which have been playing an important role in supporting some small businesses, despite their semilegal gray-market status.

"We should acknowledge the facts, let these firms emerge from underwater to enjoy the sunshine and remove the restrictions," he said.

The government has pledged to improve the availability of credit to small businesses. While regulators are seeking to slow overall lending this year from last year's torrid pace, the China Banking Regulatory Commission said earlier this week that banks should ensure that they lend as much or more to smaller businesses this year as in 2009.

Mr. Zhou said government officials differ on the lending ceiling, as the rules haven't been finalized yet.

China's banks have been keen to lend to large or state-owned enterprises, while the share of credit going to smaller or private firms remains small due to concerns about their ability to repay loans and the transparency of their asset structure.

—Victoria Ruan

Greece's war remark roils Germany

By Vanessa Fuhrmans

Greece's deputy prime minister injected Nazi-era grievances into the debate over a possible German-led bailout of his country, fueling tensions that could complicate efforts to resolve Athens' credit crisis.

Deputy Prime Minister Theodoros Pangalos lashed out at Germany for pushing Greece to undertake painful austerity measures, saying the country never paid adequate reparations for the Nazis' World War II invasion and occupation of Greece.

"They took away the Greek money and they never gave it back," he said in an interview with the BBC's World Service broadcast on Wednesday. "This is an issue that has to be faced."

A German foreign ministry spokesman dismissed his comments, adding "a discussion about the past is not helpful at all to solve [today's] problems."

Mr. Pangalos's remarks will likely prove particularly galling to many Germans who believe their country has helped subsidize Greece for years through European Union subsidies and gotten nothing in return.

The cover of the German weekly Focus—with the title "Fraudsters Inside the Euro Family" next to an image of a Greek statue of the Venus de Milo making an obscene gesture—echoes the popular sentiment in Germany that Greece got itself into fiscal trouble with creative budget accounting. Polls show nearly two-thirds of Germans are staunchly opposed to joining in a bailout.

European Pressphoto Agency

Greece's Deputy Prime Minister Theodoros Pangalos referred to the Nazis' World War II occupation of Greece.

In response, some Greek publications have used swastikas in illustrations with critiques of what they see as Germany's highhandedness in criticizing their country's finances.

The bitter back-and-forth is fueled in part by Greece's long and complicated history of entanglements with Germany. Greece's first modern king was Otto, Prince of Bavaria, installed by its more powerful European neighbors in 1832. His unpopular reign led to an insurrection, and a constitution, 11 years later.

Memories of Germany's wartime occupation of Greece run deep. Many Greeks believe Germany paid far too little in compensation, a sentiment quickly taken up by politicians of various stripes this week.

The German foreign ministry spokesman said that, in addition to World War II reparations, Germany also has paid billions of marks in aid to Greece bilaterally and in the context of the European Union since 1960. The mark was subsumed when the euro was launched.

The sparring is likely to make any potential bailout more politically difficult. However, many analysts say Germany and France, despite their brinkmanship, will ultimately have to intervene and help Greece to avert greater damage across the euro zone.

Germany also has a big stake in preserving the economic relationship with its southern euro-zone partners that has helped to fuel its export-driven economy. Germany exports more than three times as many goods to Greece as the reverse, and its trading surplus with Greece slightly widened to €4.7 billion ($6.36 billion) in the fourth quarter of 2009.

Of greater concern, though, is if that if Greece were to default, it could cause a financial-market panic to spread to other economies on the euro zone's southern tier, including Spain, Portugal and even Italy. There, Germany has much greater export markets at stake. Its exports to Spain last year totaled €31 billion, yielding a trade surplus of €12 billion, while its exports to Italy reached €51 billion.

Fourth-quarter economic figures Wednesday showed Germany's economy stagnated in the fourth quarter, as a 3% increase in exports offset a 2% decline in imports and 1% drop in private consumption.

—Alkman Granitsas and Costas Paris contributed to this article.

EU stat body seeks more clout

By Charles Forelle

BRUSSELS—The European Union's statistical authority, Eurostat, said Wednesday it had received "incomplete" information from Greece about a controversial 2001 derivatives transaction, a failing it said revealed the need for it to have new powers to audit governments.

As questions swirl in international markets about the finances of EU countries, Eurostat said in a statement that the transaction, which reduced Greece's reported debt by €2.4 billion ($3.25 billion), pointed up the need for it to be granted audit powers to "directly examine public accounts." It said the 2001 currency swap would increase Greece's debt from "2004 onwards."

Eurostat's request underscored a broader problem in the euro zone that has come to light amid news that Greece, whose debt crisis has drawn it to the edge of default, fudged key numbers in its reporting to the EU: No central authority has any real power to drag profligate countries into line. Eurostat does some accounting-rule making, but it isn't a regulator. The European Commission, the EU's executive arm, can scold countries that breach debt and deficit limits but has limited authority to prescribe fixes.

The result is an almost voluntary obedience to EU fiscal rules. As the Greek trouble has revealed, Europe has operated a sort of trust-but-verify regime, without a lot of verify.

The core of Greece's problem goes beyond numbers: For years, the government spent too much, took in too little and financed the gap with ever more debt. But the troubles were exacerbated in investors' eyes by gargantuan errors in the Greeks' reported national statistics—most seriously in reporting its deficit, which helps bondholders assess how likely they are to be repaid.

Accounting foibles

- From 1997 to 2003, Greece underreported military spending by €8.7 billion.
- Portugal nearly doubled its 2001 deficit to €5.1 billion after improperly accounting for subsidies to state companies.
- Italy structured a currency-swap deal giving it cash advances that trimmed its deficit by 0.05% of GDP in 1997.
- France slashed deficit by more than €5 billion in 1997 by taking a one-off cash payment to assume pension liabilities of a to-be-privatized company.

In April 2009, Greece projected its deficit for the year would equal 3.7% of gross domestic product—above the EU's 3% limit, but not bad given the financial crisis. Then in October, Greece revised the estimate from 3.7% to 12.5%.

The shock has led to intense scrutiny of EU financial data, which are a backbone of the common currency. Monetary policy is set centrally by the European Central Bank, but each nation handles its own fiscal affairs and shares data to show it isn't overspending.

The European Commission this month proposed giving Eurostat broad audit powers including "access to the accounts of government entities at central, state, local and social security levels."

This isn't the first time Eurostat has tried to beef up its role. Five years ago, another scandal over shoddy Greek accounting spurred a similar push. Europe's finance ministers shot it down.

Jean-Claude Juncker, the president of the council of euro-zone finance ministers, said last week that he and his colleagues were "wrong" in 2005 to squelch closer auditing. Countries once squeamish about EU bureaucrats rummaging through their accounts may be warming up. "The more reliable the figures are, the better," says one EU diplomat.

Constantinos Papadopoulos, the secretary-general for international economic relations in Greece's foreign ministry, says the country has set up a committee of experts to improve statistics, and the parliament is debating a bill to give the Greek statistics authority independence. "It's a significant step toward making the national statistical service less prone to influence," he said.

Particularly in the early years of European monetary union, countries burnished their numbers using one-off asset sales, securitization of payments and derivative transactions. Eurostat pushed back on some, but let others go. Though the agency was sufficiently aware of how countries were using derivatives to publish guidance changing their accounting in 1997, it said it didn't know about the controversial currency swap structured by **Goldman Sachs Group** Inc. for Greece in 2001, and that it wasn't its place to "determine if government operations are illegal or not."

A Greek official said the country had provided all necessary information about the swap to Eurostat, and would provide more if requested.

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President Obama said an overhaul is critical to affordable medical care.

Obama, GOP trade barbs at summit

White House prepares fallback proposal

By Henry J. Pulizzi And Laura Meckler

WASHINGTON—President Barack Obama urged lawmakers not to let Thursday's health-care summit deteriorate into "political theater," but conceded that Democrats and Republicans may not be able to bridge the gaps that divide them on health legislation.

Mr. Obama said an overhaul is "absolutely critical" to making medical care more affordable and taming the federal deficit.

"This is an issue that is affecting everybody," Mr. Obama said in remarks at the start of the summit in Blair House, across the street from the White House. "Everybody understands that the problem is not getting better, it is getting worse."

Sen. Lamar Alexander (R., Tenn.), opening the summit for the Republican side, repeated the GOP's hopes to start the health debate from scratch, a notion the White House has repeatedly rejected.

Mr. Alexander also pressed Democrats not to use budget reconciliation rules to push a bill through the Senate without Republican support. Under those rules, certain legislation can pass by a simple majority and Democrats wouldn't need 60 votes to override an opposition filibuster. Though that process has been used in the past, it is "not appropriate to use to write the rules for 17% of the economy," Mr. Alexander argued.

The six-hour gathering Thursday was set to discuss controlling health-care costs, reforming the insurance market, reducing the deficit and expanding insurance coverage. The session, however, isn't expected to produce any breakthroughs on an issue that sharply divides Democrats and Republicans.

Mr. Obama said he hoped the summit would be "actually a discussion, and not just us trading talking points."

"I hope that this isn't just political theater," he said.

There was an early moment of tension as the president and Mr. Alexander traded barbs over whether Democratic proposals would curb rising health-insurance premiums. Each man said the other had his facts wrong.

The lawmakers were seated around tables set in a square arrangement. Attendees included the president, Vice President Joe Biden and Health Secretary Kathleen Sebelius. The top two Democrats in Congress—House Speaker Nancy Pelosi and Senate Majority Leader Harry Reid—both spoke.

The top two Republicans, Senate Minority Leader Mitch McConnell and House Minority Leader John Boehner, were also present.

Although Mr. Obama pushed for sweeping health-care legislation, if that fails, the White House has prepared the outlines of a more modest plan.

The leading alternate approach would provide health insurance to perhaps 15 million Americans, about half what the comprehensive bill would cover, according to two people familiar with the planning.

It would do that by requiring insurance companies to allow people up to 26 years old to stay on their parents' health plans, and by modestly expanding two federal-state health programs, Medicaid and the Children's Health Insurance Program, one person said. The cost to the federal government would be about one-fourth the price tag for the broader effort, which the White House has said would cost about $950 billion over 10 years.

Officials cautioned that no final decisions had been made but said the smaller plan's outlines are in place in case the larger plan fails.

Such a move would disappoint many Democrats, including Mr. Obama. They have worked for more than a year to pass comprehensive legislation like the plan the president unveiled Monday, which would cover the bulk of the 46 million uninsured people in the U.S., set new rules for health insurers and try to control spiraling health-care costs.

Liberal Democrats in particular would be dismayed by any ratcheting back of ambitions. But more-conservative Democrats nervous about the fall elections could be more comfortable with a scaled-back measure.

The larger Obama health plan has been in jeopardy since last month, when Democrats lost a Senate seat from Massachusetts and with it their filibuster-proof majority. With many congressional Democrats spooked, the White House considered more-modest measures that would be easier to pass.

Republicans prepared a six-point plan for the summit that draws from a House bill introduced last fall.

—Janet Adamy contributed to this article.

Orders for U.S. durable goods soar

By Jeff Bater And Sarah N. Lynch

A surge in orders for U.S.-made durable goods showed life in the manufacturing sector, while claims for jobless benefits rose in another troubling sign for labor markets.

Manufacturers' orders for goods designed to last at least three years rose 3% in January, to a seasonally adjusted $175.75 billion, the Commerce Department said Thursday.

Economists surveyed by Dow Jones Newswires had projected a 1.5% climb in durables, which include cars, computers and toasters.

The increase was helped by a jump in commercial-aircraft orders, which fell in November and December. But the report had its soft spots. Outside of aircraft, most sectors reported lower demand in January. Nondefense capital goods excluding aircraft shipments, used in calculating gross domestic product, fell 1.5%. The declines prompted Macroeconomic Advisers to lower its tracking forecast of GDP growth in the first quarter by one-tenth to 3%. Still, the overall report marked the second climb in a row. December durables rose 1.9%, revised up sharply from a previously reported 1% increase.

Separately, the Labor Department said initial claims for jobless benefits rose by 22,000 to 496,000 in the week ended Feb. 20, reaching the highest level since mid-November. A Dow Jones Newswires survey expected a 13,000 drop.

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The Big Bank Excuse

On Capitol Hill, the Obama plan to create a Consumer Financial Protection Agency has been failing on the merits. But rather than examine why so few people want a new bureaucracy deciding which financial services Americans can use, the left has chosen instead to blame Wall Street for blocking its creation. Just one problem: Wall Street doesn't oppose it.

President Obama's financial consumer agency would have the power to set its own budget, collect fees, dictate how financial products are structured and sold, demand unlimited information from banks, and judge products as "abusive" or "unfair," no matter how many consumers want them—all without regard to the safety and soundness of the banks that offer them.

The new agency would not replace all the other banking regulators. Instead it would supplement them, ensuring conflicting directives to the regulated banks. For these reasons and more, the idea has stirred opposition from small-town bankers and skeptical taxpayers.

You'd never know this by listening to the new agency's most vociferous backers. Elizabeth Warren, appointed by Congress to oversee the Troubled Asset Relief Program, wrote in the U.S. edition of this newspaper recently that "the same Wall Street CEOs who brought the economy to its knees have spent more than a year and hundreds of millions of dollars furiously lobbying Washington to kill the president's proposal for a Consumer Financial Protection Agency." Connecticut Attorney General Richard Blumenthal, now running to replace Chris Dodd in the Senate, has urged Congress to "seize this historic moment and stand strong against Wall Street lobbyists."

> The main opponents of a consumer financial agency are the little guys.

Against whom? Wall Street's trade association, known as SIFMA, says that since securities products will not be regulated by this new agency, the industry has no position on it.

Testifying recently before the Financial Crisis Inquiry Commission, Goldman Sachs CEO Lloyd Blankfein explained why his firm has nothing at stake here: "Because we are an institutional firm that largely focuses on corporations, governments and large public and private investing organizations, we do not have retail businesses." He added that "we agree that a more specific focus on consumer protection, whether in the context of a new agency or otherwise, is warranted."

JPMorgan Chase CEO Jamie Dimon has wisely spoken out against this bureaucracy, but that's because of the impact on the Chase consumer banking side of the houseUnlike in politics, failure is punished in business. Mr. Dimon is a case study in navigating around the housing disaster.

But even Mr. Dimon may come to appreciate the Obama proposal when he realizes the advantages it confers on giant firms like his. Smaller competitors will have a tougher time affording the lawyers and lobbyists to guide them through all the new red tape. This may be why the country's biggest bank, Bank of America, recently endorsed a consumer regulator.

But a coalition of politicians and giant banks will not necessarily be able to push this into law. Senate Democrats had been sending signals that they were ready to drop this turkey until the President threatened a veto if financial reform was not to his liking.

Mr. Dodd, Chairman of Senate Banking, seemed to understand why 33 House Democrats voted against a new consumer agency and not a single Republican voted for it. Small-town bankers, already complaining about regulators tightening the screws after the credit crisis, were "scared to death" about still another layer of bureaucracy, according to one Democratic Congressman.

Also influential before the December House vote was a study by researchers at the University of Chicago and George Mason that predicted the regulatory burdens of the Obama plan would raise interest rates, reduce access to credit, and reduce net new jobs created in the economy by 4.3%.

Meanwhile, polling hasn't shown a public all that eager to be protected from services that they now rely on and may even appreciate. Taxpayers have learned that Washington lending policies designed to benefit consumers without regard to the safety and soundness of the lenders is a recipe for creating disasters like Fannie Mae and Freddie Mac.

In the Senate, the ranking Republican on the Banking Committee, Richard Shelby, has been willing to give consumer regulators a voice alongside safety-and-soundness experts within a new bank regulator. But he's not willing to let consumer protection trump all other concerns. We're guessing Mr. Dodd would have gone for Mr. Shelby's deal until Team Obama made clear that an independent bureaucracy, free from the constraints of sound banking, was essential.

If Senate discussions now yield anything like the planned Obama consumer regulator, the result will be huge new costs for the economy and unknown risks for the taxpayer. Wall Street couldn't care less, but Main Street will pay the bill for this experiment for many years to come.

Raising Malaysia's Hackles

The prosecution of Malaysian opposition leader Anwar Ibrahim is proceeding apace, but that doesn't mean international pressure is useless. Witness the government's reaction to recent international criticism.

A bipartisan group of 56 Australian parliamentarians sent a letter earlier this month to the Malaysian High Commissioner in Canberra, saying the fact that a leading opposition voice has been charged with sodomy a second time "raises serious concerns," and urging the authorities to drop the charges. The letter cited an op-ed in this newspaper by Munawar A. Anees, who claims he was tortured by the police and forced to confess to sodomy with Mr. Anwar before the first trial in 1998. And it echoes statements by American and Canadian politicians also worried about the impartiality of Malaysia's rule of law.

The reaction was swift. Some 500 members of the ruling coalition's youth wing and sympathizers protested in Kuala Lumpur last week, calling the letter a "trampling" on "sovereignty." Youth leader Khairy Jalamuddin told us in a telephone interview that the trial is a judicial process, not a political one.

Yet the Malaysian response, far from being a deterrent, only shows how sensitive the country is to international pressure. The letter's coordinator, Labor MP Michael Danby, says Malaysia is one of Southeast Asia's relative success stories and any threat to its fledgling pluralistic democracy should not be lightly disregarded. "You wouldn't want us to be quiet on Aung San Suu Kyi, neither should we be quiet on what's happening to Anwar Ibrahim," he says.

International attention may not change the course of Mr. Anwar's trial, but at the very least, it reminds Malaysia's elites that their actions won't go unnoticed—or, perhaps, without consequences.

Mr. Holder's Triumph

Eric Holder has had a rough few weeks—er, months—so it's not surprising the Attorney General would try to celebrate some good antiterror news. To wit, this week he seized on a guilty plea in a terrorism case to rehabilitate his policy that emphasizes civilian law enforcement over intelligence gathering and military justice.

Afghan Najibullah Zazi admitted Monday to plotting to bomb the New York City subway system. U.S. intelligence had caught on to his travels in Afghanistan, tailed him and finally arrested him in Denver in September. Announcing the guilty plea on three terrorism charges this week, Mr. Holder said "the criminal justice system has proved to be an invaluable weapon for disrupting plots and incapacitating terrorists, one that works in concert with the intelligence community and our military."

Well, let's parse that one. There's no doubt the arrest is an antiterror victory for which the CIA and FBI deserve credit. Zazi planned the kind of attack—on public transportation—that would spread fear and economic damage across the country, as it did in Madrid and London. He was arrested after he had begun to collect bomb materials and admitted to links to al Qaeda and training in Pakistan.

Eric Holder

The stretch made by Mr. Holder this week concerns civilian justice. Few people we know believe that terror cases should never be handled in civilian courts, or that civilian courts can't punish terrorists. Some cases are workable in civilian trials, especially when the defendants cooperate freely. The biggest problem is when these criminal prosecutions compromise intelligence gathering, or betray information that terrorists can exploit.

In this case, Mr. Holder insists Zazi has provided valuable intelligence, but how much and when he doesn't say. Actionable intelligence is best gathered in the initial days after capture when the terrorists don't know a comrade has been taken. A loud arrest can compromise that element of surprise.

Mr. Holder botched the case of Detroit Christmas bomber Umar Farouk Abdulmutallab, who clammed up after being read his Miranda rights after only 50 minutes of interrogation. If Abdulmuttalab is now cooperating amid the inducements of a plea bargain, that's good news. But valuable time was still lost. Abdulmuttalab should have been declared an illegal enemy combatant, held in military detention and interrogated, and then he could have been charged later in civilian court if he struck a deal.

In the latest case, Zazi reportedly cooperated only after the feds charged his father with conspiracy and threatened his mother with deportation. That came well after his arrest. It's also amusing that critics who decry as "torture" such interrogation techniques as isolation or exposure to heat and cold don't seem to mind threats to possibly innocent family members.

Another issue is where this Administration plans to hold the hardest terror cases if they capture them. Guantanamo is available, but that would offend Mr. Holder's friends on the left. We suppose there's Bagram prison in Afghanistan, but a Supreme Court case is pending that would grant habeas corpus rights to detainees held even overseas.

Would Mr. Holder feel obliged to charge Osama bin Laden in U.S. criminal court if he's ever captured? Would he offer him a plea in return for cooperation? Or would he let the new White House interrogation team at him first? We know what most Americans favor, but Mr. Holder and President Obama haven't answered those questions.

The reason Mr. Holder is having to play defense about his antiterror bona fides is because he's let his ideological antipathy to Bush practices interfere with the practical realities of fighting terrorists. The Zazi case is a victory for America, but it's no vindication for Mr. Holder.

OPINION

New Zealand Misses the Reform Boat

By Luke Malpass

New Zealand was a 1980s-era beacon of economic reform and rising prosperity. The election in late 2008 of National Party leader John Key as prime minister promised to return some of that liberalizing spark after nine years under a left-leaning Labour government. Yet more than a year into his tenure, Mr. Key is losing his way.

Witness his Prime Ministerial

Prime Minister John Key has the mandate to push forward with liberalization, if only he'd use it.

Statement to Parliament, the agenda-setting equivalent to America's annual State of the Union address. With a unicameral parliament dominated by his party and a right-of-center coalition partner, Mr. Key ought to be able to push through a range of free-market reforms. Instead his signature policy achievement is to move ahead with a pork-laden emissions-trading scheme even as the rest of the world seems set to reject that approach. Meanwhile, other important reforms are in danger of falling by the wayside.

The ETS he touts aims to introduce a price for carbon over time. It is made complex by a system of transition supports for emitters—payments to polluting industries to lessen the immediate blow of the scheme. A version of this was first introduced by the Labour government in late 2008. Mr. Key's government repealed that in favor of its own scheme that tinkered with the entry dates for different sectors and increased transitional support for industry but left the basic framework in place—an "all-sectors all-gases" scheme by 2016. All this at a time when the Labor government of Kevin Rudd in neighboring Australia looks unlikely to win approval for its own ETS and the world's political consensus around climate change is collapsing.

Meanwhile, Mr. Key in his parliamentary speech missed a chance to sell key reforms to the public and members of parliament. A tax working group he formed in May 2009 recommended last month streamlining the personal, company and trust tax rates to 30% from 38%, 33% and 30% respectively, and raising the goods and services tax to 15% from the current 12.5%. If implemented in its entirety, this proposal would make the tax system more efficient while closing various loopholes and would make the tax system fairer. In his speech Mr. Key said only that "While the government has ruled out some of the proposals discussed by the tax working group, most of the options discussed by the group still remain on the table." In light of his strong major-

David G. Klein

ity and popular support, it's odd that he wouldn't take a chance on bolder support for these conservative, revenue-neutral proposals.

Mr. Key also downplayed the report of an industry-led capital markets task force created to recommend ways to improve New Zealand's capital markets. Committee members proposed making it easier for foreign workers to obtain visas, improving compensation for eminent-domain takings, partially privatizing state-owned assets such as energy companies and improving financial-literacy education in the schools. All these steps would be critical for improving New Zealand's underdeveloped capital markets. Mr. Key has merely shunted the issue to Minister of Commerce Simon Power, in whose bureaucracy anything politically dangerous is likely to be quietly forgotten.

Worst of all, Mr. Key has turned his back on the most radical working group he formed, the 2025 Taskforce. This panel was formed as part of a post-election deal with the free-market ACT Party in July 2009 to find ways to close the average income gap with Australia by 2025—currently the average four-member New Zealand household earns a whopping NZ$64,000 ($44,051) less than its Australian counterpart.

This panel, led by former central banker and National Party leader Don Brash, argued that if core government expenditure were modestly reduced to 2004-05 levels—to 29% of GDP from today's 36%, the maximum personal, company and trust tax rates could be reduced to 20%, helping to kickstart the economy. Mr. Key has been dismissive of these proposals, saying "We campaigned on some core commitments [to protect public services] . . . and we would be breaking those commitments if we went and did that, so we are not going to."

There were positive signs in Mr. Key's speech earlier this month, particularly the plan to consider allowing high-yield mining in the national conservation estate in cases where there is a clear and demonstrable economic benefit. This ends a decade of unthinking tree idolatry. The prime minister also made positive noises on the need to promote investment in New Zealand's underdeveloped capital markets, but has yet to articulate any clear ideas on how to achieve that.

However, almost every measure was prefixed with a "maybe." Apart from a few possible random changes in the tax system and references to economic growth, there is little to inspire confidence that the Key government is clear about its objectives or, more importantly, how to achieve them. If he doesn't come to his senses—and return to the reform track—soon, New Zealand risks missing opportunities for growth.

Mr. Malpass is an analyst in the New Zealand policy unit of the Centre for Independent Studies in Sydney.

Standing Up to India's Enemy Within

By Ashok K. Mehta

It's budget season in India, with the federal government due to unveil its annual spending plan Friday. Look to defense to figure prominently: It's expected to clock in at $31 billion and arms spending could hit $100 billion over the next decade. But just as important as how much the government spends is the question of what the government spends the money on. That is where the really interesting changes are likely to show up.

Internal security is set to become a greater priority relative to foreign defense. India last week hosted its sixth "Defexpo," one of the largest exhibitions of defense equipment in Asia. On the same day 650 exhibitors from 33 countries were displaying their wares in New Delhi, the country's largest insurgent group, the Communist Party of India (Maoist), raided a West Bengal police camp in broad daylight, killing 24 troopers. The day after the expo ended, Maoists struck again in a Bihar village, killing 11. Clearly India's problems are not confined to China and Pakistan.

That attack encapsulated one of the main internal threats facing India. Prime Minister Manmohan Singh has repeatedly warned of the danger posed by left-wing extremists pledged to overthrowing the democratic government. This insurgency originated in 1967 in West Bengal and was quelled within a decade, only to reappear later and in a more widespread form. Today Maoists have a presence in 20 of the 28 states, and control large tracts of tribal forest land in eight of those states. They have a centralized military and political structure, are adequately funded through extortion, donations and theft, and in most cases are better armed and trained than local police forces.

Another internal threat comes from overseas terrorist groups active within India. Some of these are Islamist groups emanating from Pakistan; others are among a dozen ethnic insurgencies in the northeast fanned by China at various times. This was illustrated most recently by the November 26, 2008, Mumbai hotel attacks, carried out by Lashkar-e-Taiba, a group based mainly in Pakistan. But that's not the only one—there are others, mainly breakaway Lashkar groups like the Hizb ul Jamaat e Islami and Jaish e Mohammad.

More lives have been lost due to internal insecurity than in the five wars India has fought since

The next defense budget is a chance to address internal security threats in addition to potential foreign foes.

independence in 1947, and the last of those conventional wars was in 1971 (against Pakistan). Yet Delhi has been inconsistent in arming its military to defend its sovereignty and territorial integrity—not to mention law and order—from enemies within. Internal security has been viewed as a policing problem to be handled by state governments whose intelligence, investigative, legal and policing capabilities are below par.

The key defense line to watch for in the budget will be whether Delhi makes a concerted effort to improve this situation by beefing up its resources. The need was illustrated in the Mumbai attack, when even a police chief's bullet-proof vest was found to be defective. Police units armed with World War Two-era weapons are facing increasingly sophisticated terrorist groups. No definite figures are available, but it is estimated that the internal-security budget is only one-quarter of what the country spends on defense.

At the Defexpo, foreign vendors appeared to have sensed India's shifting priorities, looking beyond tanks, guns and air defense systems for conventional defense to state-of-the-art counterinsurgency and counterterrorism equipment. At least two sold surveillance equipment to two state governments even before the exhibition was over. The question is whether the government will buy more, or enough of, this material.

And that will be only part of the challenge. Home Minister Palaniappan Chidambaram, brought into the government after the Mumbai attack, has announced that the government will unveil by the end of this year a national counterterrorism agency modeled on the U.S. Department of Homeland Security. That's a start, but Delhi needs to do more. At present it appears this agency will focus mainly on the threat of Islamist terror, leaving the Maoist insurgency threat untended.

If there's one reason for optimism, it's that India has risen to this type of challenge before. The 1962 border war with China highlighted the weakness of India's defense capabilities and led to a massive overhaul, helped by the United States. A border conflict with Pakistan in 1999 exposed intelligence and equipment deficiencies. A group of ministers was formed to rectify these shortcomings and made progress fixing them, though some of those recommendations are still to be implemented. Now that internal security is firmly front and center in policy makers' attention, they may act. It won't be easy—funds will either have to be diverted from external security or from non-defense uses. But it can be done.

In the aftermath of the Mumbai attacks, TV cameras surrounded those who were rescued from the Trident and Taj hotels 72 hours after terrorists captured the hotels. As she emerged from the battlezone, a bedraggled foreign tourist remarked: "Half a dozen terrorists—and it took you this long (to overcome them)?" This week's budget will be a sign of how well that question has sunk in.

Mr. Mehta is a retired major general of the Indian Army's Gurkha regiment.

Comments? The Journal welcomes readers' responses to all articles and editorials. It is important to include your full name, address and telephone number. Please send letters to the editor to: **Letters@WSJ.com**

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Sports rivalry plays out as Kim, Asada face off

South Korea and Japan come to a standstill as skaters meet for gold; an elevated profile

By Evan Ramstad in Seoul and Miho Inada in Tokyo

Olympic figure skaters Kim Yu-na of South Korea and Mao Asada of Japan have competed against each other for several years and, in the process, elevated the profile of Asian women in the sport.

Along the way, the two skaters, who will face off for the gold medal in their final Vancouver skate Friday morning Asia time, have become the latest athletic heroes to stir up both the passions and anxieties that the people in the two countries feel toward the other.

The countries' baseball teams, which in recent years have topped the standings in the Olympics and the World Baseball Classic, and football teams are also fierce rivals.

In the first of the two programs for the women skaters in Vancouver on Wednesday Asia time, Ms. Kim set a world-record score of 78.5, ahead of Ms. Mao by 4.72 points.

While that's a solid margin, a victory by Ms. Kim isn't assured. She has tended to make more mistakes in the second program, which is more than a minute longer than the first in international competitions.

Meanwhile, Ms. Mao is planning a more technical program in hopes of overtaking Ms. Kim for the gold medal.

For Japanese sports fans, Ms. Mao stands as the best chance for the country to win a gold in Vancouver. Japan had a silver and two bronze medals through Wednesday's action in Vancouver, while South Korea had five golds, four silvers and a bronze.

Business and other activities in both Japan and South Korea came to a virtual standstill when the two women skated Wednesday afternoon Asia time.

In both countries, about one-third of all TVs were tuned in to the skating, according to media-research groups.

In South Korea, of the TVs that were on, nearly 80% were on the Olympics channel at the time.

On Thursday, TV newscasts pushed aside coverage of the U.S. congressional testimony of Toyota Motor Corp. president Akio Toyoda to rehash the performance of the two skaters.

Korean retailers said that sales exploded for the earrings that Ms. Kim wore during her performance. They were part of a line of jewelry produced by J.Estina, one of Ms. Kim's sponsors, timed for sale with the Olympics.

In Tokyo, Kyugetsu has made a doll with the likeness of Ms. Mao's face and will exhibit it until March 3, which is "girl's day" in the country, a day when families with daughters display traditional dolls to wish them luck.

Most Japanese and South Koreans take a friendly, though fiercely competitive, approach to sports.

But extreme nationalists in both countries use sports to express their disdain for the other country.

—Jaeyeon Woo in Seoul contributed to this article.

(Top to bottom) Kyodo via Associated Press; Agence France-Presse/Getty Images

Above, Mao Asada, left, and Kim Yu-na after the women's short program Wednesday morning Asia time. Below, a Kyugetsu employee with an Asada doll Wednesday in Tokyo.

Sipa Press

Russian figure skater Evgeni Plushenko has criticized the sport's new judging system

Time to restore the perfect 6.0? math or artistry

By Geoffrey A. Fowler and Phred Dvorak

VANCOUVER, British Columbia—Six years ago, an uproar over vote-swapping between judges at the Olympics led to a wholesale change in the way figure skaters are scored.

The rules may be different now, but the controversy continues to whirl and spin.

Some current and former skaters say the new merit-based rules, which have been used in the Vancouver Games, sacrifice artistry to arithmetic. Others think the system is just as subjective as the old one.

The loudest complaints are coming from members of the Russian skating federation who think silver medalist Evgeni Plushenko was short-changed out of a gold medal in last week's men's competition.

Mr. Plushenko has been suggesting publicly he was robbed because judges didn't award him enough points for completing skating's hardest jump, the quadruple toe loop. After his performance, Mr. Plushenko said "now it is not men's figure skating—no, it is dancing."

In an interview Wednesday with Rossiyskaya Gazeta, the president of the Russian Figure Skating Federation, Valentin Piseev, said that the new rules system "distorts the meaning of sport. Who does not understand that jumps are the basic element in figure skating?"

Reached in Vancouver on Wednesday, Mr. Piseev said the new system doesn't reward athletes who try difficult and risky moves and thus puts countries with the best-trained skaters at a disadvantage. "This system was adopted to even

Please turn to next page

THE WINTER OLYMPICS: VANCOUVER 2010

China's Winter Games ambitions heat up

From Left: Reuters; Agence France-Presse/Getty Images (3)

China's gold medalists, from left, the women's 3000-meter relay short track speed-skating team; Shen Xue and Zhao Hongbo; Wang Meng, 500-meter short-track; and Zhou Yang, 1500-meter short-track.

Continued from first page
pilot projects in rural China, where facilities are especially scarce.

Officials say the spending has more to do with grandeur than ordinary people's physical fitness. Liu Peng, head of the General Administration of Sports in China, said in a recent state-media interview that China has to move from being "a big sporting country" to a "powerful sporting country."

These goals are on display at the Chinese Winter Sports Administrative Center in Beijing. The offices are spartan, but the ambitions huge: to make a country with almost no winter-sporting tradition the rival of the Germanys, Norways and Austrias of the world.

China made its Winter Olympics debut in 1980 at the Lake Placid Games in the U.S., with its best result an 18th-place finish in the women's slalom. The country began to aim at sports where China's strengths could come into play, said the director of the winter-sports center, Zhao Yinggang. That meant spending money on sports like freestyle skiing, snowboarding and speed skating.

"These sports are easier for Chinese athletes to get results in a short time," Mr. Zhao said. "Some of them are similar to summer sports where Chinese athletes are more competitive."

For example, one of China's top medal prospects is Han Xiaopeng, who won gold at the Turin Games in freestyle-skiing aerials and is due to compete in Vancouver this week. Mr. Han hails from temperate Jiangsu province, which has only one skating rink for its 75 million people. But Mr. Han was an expert tumbler and attended a famous acrobatic-gymnastics sports school in Peixian. At age 13, Mr. Han was recruited into the freestyle-ski team. "He already had skills that could be used," Mr. Zhao said. Chinese athletes are recruited young and given systematic training, he said.

This result-oriented focus helped China win its first winter medals, two silvers in speed skating, at the 1992 games. The real breakthrough took place a decade later, when speed skater Yang Yang won the women's 500- and 1,000-meter events. In Turin, China won two gold, four silver and five bronze medals to finish in ninth place.

As in the Summer Games, China is weaker in team sports, which require a higher number of elite athletes for just one gold medal and are considered relatively inefficient investments. But earlier this week, China won its first women's ice-hockey match in 12 years and finished the tournament in seventh place. This year, China's best shot for team gold might come Friday in an unlikely sport, curling, where the women's team has won the world championship and spent part of the year training in Canada.

Some question whether geography will hold China back. Most of the country is relatively warm, with little snowfall. Like most of the people in China's winter-sports program, Mr. Zhao, the center's director, hails from the northeast, or Manchuria, the only heavily populated part of the country with winter-like conditions. Although it includes just three of China's 30 provinces and territories, the northeast is still home to 108 million people, more than the combined populations of winter-sporting powers Germany, Austria, Switzerland and Norway.

"We need more of a foundation, but that will come," Mr. Zhao said. "Each year we will keep improving bit by bit."

Winter Games | Medal count

Country	GOLD	SILVER	BRONZE	Total Vancouver 2010*	Total Torino 2006
U.S.	7	9	12	28	28
Germany	7	10	7	24	29
Norway	6	6	6	18	19
Canada	7	6	2	15	24
Russia	3	4	6	13	22
South Korea	5	4	1	10	11
Austria	4	3	3	10	23
France	2	3	5	10	9
Switzerland	6	0	2	8	14
China	4	2	2	8	11
Sweden	4	2	2	8	14

*As of February 24 Source: WSJ reporting

Plushenko's silver fuels criticism of figure-skate judging

Continued from previous page
out all countries," he said. Mr. Piseev said he's planning to send a letter to the International Skating Union expressing his concerns.

Many experts believe skating's international judging system, or IJS, has brought more stability to one of the most subjective competitions in sports—and one long-known for expressions of nationalist bias and other antics. The debates that have emerged in Vancouver revolve, for the most part, around rivalries on the ice—between individual competitors—rather than off the ice, between countries.

The ISU didn't respond to queries about Mr. Piseev's latest complaints. But in an interview on Monday, ISU president Ottavio Cinquanta said that while the new system was "not perfect," its "structure is good and satisfactory" because it quantifies a subjective concept.

"How many people can understand if a piano player is perfect? Figure skating is the same," Mr. Cinquanta said, adding that the ISU will continue to adjust the values assigned to specific figure skating moves.

Mr. Cinquanta said skating needs well-rounded competitors and shouldn't be boiled down to simply who does the most jumps. "If you want to jump, go do track and field or pole vault," he said. "This is not the circus."

Under the old system, judges compared one skater to the next. A rating of 6.0 would be assigned for a perfect performance, but specific moves weren't graded. Under the scoring system instituted in 2004, each skater is judged on his or her own performance, by a combination of judges and technical experts. There's no perfect score—instead, points are assigned for completing certain moves as well as for the artistry of the overall performance.

For instance, a triple axel jump earns 8.2 points in the men's competition, with points added or subtracted based on how well the jump is executed.

Figuring out how to win a competition involves a lot of math. Italian ice dancer Massimo Scali felt the bite of the new system during a performance last week. Mr. Scali said he lost two points because he only touched the back of his skate blade during a complicated move, instead of grabbing it. The next night, Mr. Scali said he paid closer attention to the move and earned full marks.

Many skaters think the new system gives them more useful feedback. Canadian Scott Moir, who won a gold medal here for ice dancing, said under the new system "you get rewarded for exactly what you do." If the marks are unsatisfactory, "you can see it there on a piece of paper and go home and improve."

Vancouver organizers introduced a live radio broadcast called Axel Radio that offers audiences live commentary on how skaters are accumulating or losing points. When audiences boo a low score for a performance that wowed the crowd, Axel announcers take pains to explain the judges' rationale.

Katarina Witt, who won two Olympic gold medals in women's figure skating under the old scoring system, said the new one is "more accountable" but "makes the sport about [simply] collecting those points. Sometimes it is difficult then to really be emotionally involved."

Sasha Cohen, the U.S. skater who won silver at the 2006 Games, said the new system also forces competitors to focus on counting even while they're on the ice. "It takes away the individuality and a little bit of the freedom of the sport," Ms. Cohen said. "If you hold something one second less, your whole spiral sequence doesn't count and that's eight points less."

Some current and former skaters say the new merit-based rules sacrifice artistry to arithmetic.

Critics also have dinged the IJS for making judging more anonymous. Under the old system, judges' scores were presented along with the countries they represented. Now, judges' names are revealed but scores are randomized. In theory, that keeps the focus on the skaters rather than the judges, and it also relieves pressure on judges.

Yet Dartmouth Economics Professor Eric Zitzewitz argues the anonymity has possibly made things worse. His analysis found that under the new system, skaters have benefited even more from having a fellow countryman on the judging panel. On average, the home-judge advantage of the part of the score that judges influence is 20% higher than under the old rules, Mr. Zitzewitz said.

Ted Barton, a consultant to the ISU who helped develop the new system, said it has "hugely reduced the ability of any one individual to make a difference in a final score."

The judges are chosen randomly, he noted, and the highest and lowest of their scores are dropped. The ISU also reviews judges' performances. Judges found wanting can have their judging privileges revoked, as happened to one judge before the 2006 Games.

—Richard Boudreaux in Moscow and Anton Troianovski in New York contributed to this article

FROM PAGE ONE

Singh gambles on India-Pakistan talks

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tacks from Pakistan in India would put New Delhi under severe pressure to call off the talks.

"After we've said all these things, to be able to now start discussing things other than terrorism, I don't think will be received very well" in India, said Vikram Sood, a South Asia security expert at the Observer Research Foundation, a New Delhi think tank.

Mr. Singh views improved relations with Pakistan as central to India's ability to achieve sustained economic growth, according to people familiar with his thinking. He is a veteran politician in the legacy-defining stage of his premiership, since he isn't expected to seek another term after the current term expires within the next four years.

But the rapprochement with Pakistan could cost Mr. Singh political capital at a time when he needs it at home. Domestic challenges will be in full view when India releases its budget Friday for the coming fiscal year.

The government wants to rein in a fiscal deficit that amounts to 6.8% of gross domestic product without cutting social programs that propelled Mr. Singh into office in 2004. And the government is on the defensive over food inflation, which has touched 18%.

Mr. Singh, a mild-mannered economist who built his reputation pushing through unpopular economic overhauls in the early 1990s as finance minister, has been through rougher waters. He survived a no-confidence vote in 2008 over India's civilian nuclear deal with the U.S., which opponents said compromised India's sovereignty. And he was re-elected to a second term when his Congress party won a resounding victory in last May's parliamentary elections. A spokesman for Mr. Singh didn't return a call seeking comment.

Favoring Mr. Singh on the domestic political front is the fact that the main opposition Bharatiya Janata Party was routed in the last election and has been in the political wilderness since.

Talking again

A timeline of India-Pakistan relations as the foreign secretaries of the two south Asian rivals meet in New Delhi to resume official talks, which were suspended after the terror attack in India's financial capital Mumbai in Nov. 2008.

Dec. 2008: India registers formal protest on Mumbai terror attacks in Nov. 2008 and demands extradition of 20 terror suspects.

Jan. 2009: India hands over dossier on the Mumbai attacks to Pakistan.

Feb: Pakistan admits involvement of its nationals in the Mumbai massacre; arrests six Pakistani men for their links in the terror attacks.

June: Indian Prime Minister Manmohan Singh asks Pakistani President Asif Ali Zardari to take strong and credible action against anti-India terrorist outfits.

July: Pakistan hands over a fresh dossier to India on its Mumbai probe and identifies 12 new terror suspects.

July 16: Manmohan Singh and Pakistani Prime Minister Yousuf Raza Gilani issue a joint statement pledging cooperation in the fight against terrorism.

Sept: Foreign Ministers of India and Pakistan meet in New York on the sidelines of UN General Assembly but talks end in stalemate.

Nov: Pakistan charges seven men with planning and executing the Mumbai attacks.

Feb. 4, 2010: India invites Pakistan to resume talks; Pakistan agrees though the substance of the talks remains vague.

Feb. 13: Bomb blast at the German Bakery in India's western city of Pune kills 15 and injures more than 50.

Feb. 25: India's Foreign Secretary Nirupma Rao meets her Pakistani counterpart Salman Bashir in New Delhi, pictured, as the first step in a resumption of talks.

Reuters

But the talks with Pakistan could unite the BJP, experts say. Senior BJP leaders have said they don't believe talks should resume, especially after a bomb blast in the Western city on Pune on Feb. 13, which killed 16 people. Indian officials strongly suspect Pakistan-based groups were involved, though haven't assigned blame, and no group has claimed responsibility.

"The BJP has been preoccupied with its internal problems, but that is going to change now," said Brajesh Mishra, who was national security adviser in a previous BJP-led government. "They've already been warning the government that 'if you do anything on Kashmir, you're finished.' "

Moves toward the new round of talks began in July, when Mr. Singh met with Pakistani Prime Minister Yousuf Gilani on the sidelines of a summit in Egypt. The leaders agreed that Pakistan's progress on tackling terrorism could be delinked from broader bilateral discussions.

In response to that agreement, India's opposition politicians walked out of parliament, calling the shift a weakening in India's tough line on terrorism and an unwarranted reward for Pakistan. But Mr. Singh said the new policy would allow India to pressure Pakistan to round up militants without waiting to address the issue in more formal diplomatic settings.

Backers of Mr. Singh say his approach to Pakistan—pursuing talks despite terror attacks—shows a maturity befitting an emerging global power.

"The necessity for talks is highest in times of tension," said Achin Vanaik, head of the political science department at Delhi University. "What you have now is a stop-go pattern of talks—we have to stop that."

Ms. Rao said the meeting Thursday was the first step in restoring trust between the countries. She said she asked Pakistan to follow up on new leads related to the Mumbai attack and to investigate potential links between Pakistani militants and the Pune blast.

"We must not shut the door on dialogue with Pakistan," she said. She and Mr. Bashir met for about 90 minutes alone and for about the same time with their respective delegations present, according to news reports.

The nuclear-armed rivals have made progress in their relations over the years, only to have it interrupted by major military or terrorist events.

In 1999, then-Indian Prime Minister Atal Bihari Vajpayee's bus trip to Lahore for a summit with his counterpart heralded a moment of optimism, but later that year a short war in the mountains of Kashmir abruptly ended the détente.

A 2001 terrorist attack on Delhi's parliament building halted another attempt at dialogue. And significant progress in the 2004 round of talks was pushed aside by political turmoil in Pakistan and, finally, the Mumbai attacks. Pakistan is trying seven men on charges they planned and carried out the Mumbai attacks, which left 166 people dead. And the militant network blamed for the assault continues to operate relatively freely in the Pakistan city of Lahore.

Coca-Cola agrees to purchase its biggest bottler

Continued from first page

"Fundamental industry forces have altered the consumer, customer and competitive landscape," he said. "Our franchise system cannot remain static. We have to create the next generation of high-return opportunities."

Owning its biggest bottler in the U.S. will give Coke flexibility. It can decide to distribute products via its bottling system, through which products are delivered directly to stores. Or it can deliver drinks through warehouses—cheaper and preferable for products too small or not profitable enough to distribute cost-effectively through the more expensive "direct-store delivery" system.

That helps accommodate broader changes in consumer habits. Those changes have put pressure on the bottling system in the U.S., which was traditionally geared toward manufacturing and selling carbonated drinks rather than the types of drinks that are growing faster these days, like bottled coffees and "enhanced water," or bottled water with vitamins and flavors.

Agence France-Presse/Getty Images

Coke's deal to buy most of Coca-Cola Enterprises is a departure in strategy.

PepsiCo announced last April that it aimed to subsume **Pepsi Bottling Group** Inc. and **PepsiAmericas** Inc. Pepsi said the $7.8 billion deal, expected to close Friday, will allow it to have greater control over development, distribution and marketing of new products. Owning its bottlers allows PepsiCo to negotiate alone with retailers, rather than sharing that task with representatives of separately publicly traded bottlers. When PepsiCo Chairman and CEO Indra Nooyi launched that company's similar move in April, she said owning the two bottlers would give it the flexibility to decide how its beverages should be distributed. "We can accelerate revenue growth and be more agile and flexible," Ms. Nooyi said at the time.

Coke remains committed to channeling the bulk of its global sales through an independent bottling system, Mr. Kent said Thursday. Coke currently sells about 80% of its global volume through franchise bottlers, he said. Once the deal closes in the fourth quarter of this year, about 72% of volume will be sold through those bottlers, he said.

"It's still a very major part of our total volume," he said.

Coca-Cola Enterprises's public shareowners will exchange each CCE share for $10 a share in cash and a share in a new CCE focused solely on Europe. The deal also includes Coca-Cola's assumption of $8.88 billion in debt and all of the North American assets and liabilities. Coca-Cola currently has a 34% stake in Coca-Cola Enterprises.

Coca-Cola Enterprises will purchase Coca-Cola's bottling operations in Norway and Sweden for $822 million and acquire a 83% equity stake in its German bottling operations in the near future.

"While we have argued that Coke would have to do this at some point, we think the short-term stock implications for Coke are negative, as the market will be pretty surprised," said JPMorgan analyst John Faucher in a research note to investors. The deal validates PepsiCo's strategy of buying its bottlers, he said, but will take away some of PepsiCo's competitive advantages in the short term. Coca-Cola Enterprises' shares surged more than 30% to $25.60 in early trading Thursday, while Coca-Cola fell 4.6% to $52.65.

—Anjali Cordeiro and John Kell contributed to this article.

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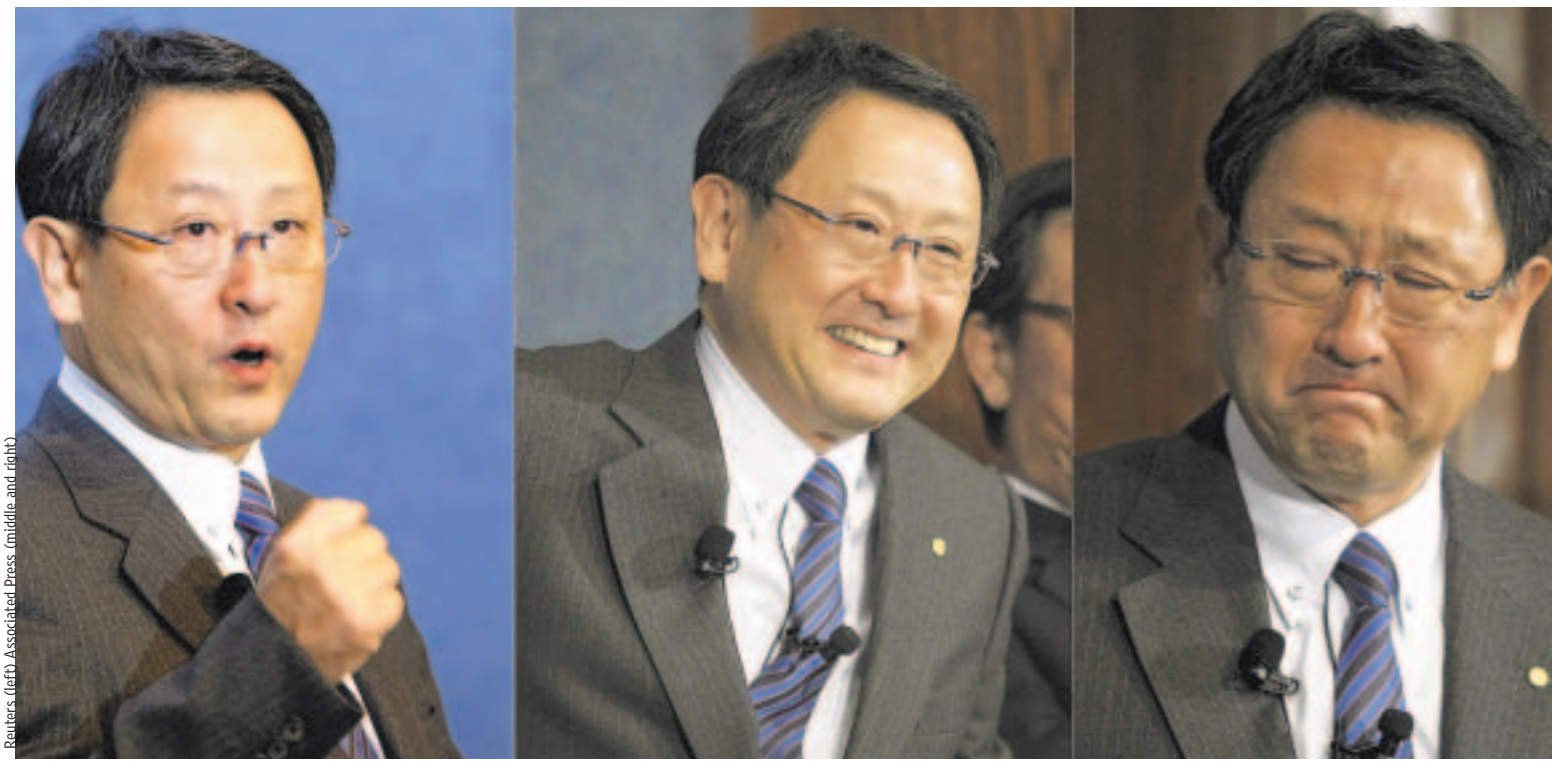
Japan shows support for Toyoda

Toyota chief's testimony in U.S. generates positive response at home as he expresses commitment to fix problems

By Miho Inada And Mariko Sanchanta



Reuters (left) Associated Press (middle and right)

Toyota president Akio Toyoda expressed emotion while speaking to employees in Washington Wednesday, after his Congressional testimony.

TOKYO—**Toyota Motor** Corp. President Akio Toyoda's apologetic public appearances in the U.S. Wednesday won a generally sympathetic response at home in Japan, with many pundits and members of the public citing the phrase "otoko naki"—crying while maintaining masculinity.

Mr. Toyoda spoke before a U.S. Congressional committee Wednesday and apologized for quality lapses that led to the recall of 8.5 million vehicles. After the hearing he addressed Toyota employees in the U.S., where tears welled up in his eyes. "At the hearing, I was not alone. You and your colleagues across America and around the world were with me," he said.

That image, with his brow furrowed and lips pursed, was splashed on the front page of the Yomiuri Shimbun, Japan's leading newspaper by circulation. The Asahi Shimbun ran a story with a teary Mr. Toyoda, the grandson of the company's founder, with the headline: "Toyota President: Apologies, Gratitude, Tears."

Mr. Toyoda's rare public show of emotion helped soften Japanese sentiment toward him, following local news conferences in which he appeared dismissive and at times angry.

Yukio Hatoyama, Japan's prime minister, said Thursday: "It was good for the Toyota president to appear in person at the hearing and testify'' on the company's massive recalls, but he added, "I don't think this has put an end [to the issue].''

Seiji Maehara, Japan's transport minister, said, "I hope Toyota makes efforts to regain public trust."

Mr. Toyoda concluded his high-profile trip to Washington Thursday morning by meeting with U.S. Transportation Secretary Ray LaHood, who had criticized the auto maker for being "safety deaf" in the Congressional hearings.

"Their meeting was productive and focused on the importance of safety and working cooperatively to protect consumers in the U.S.," a Transportation Department spokeswoman said after the half-hour meeting.

Toyota said in a statement that Messrs. Toyoda and LaHood "had a cordial and open discussion."

Attention in Japan to Mr. Toyoda's testimony, which occurred overnight local time, might have been dulled somewhat by the showdown brewing between Japanese figure skater Mao Asada, a public idol in Japan, and South Korea's Kim Yu-na at the Winter Olympics in Vancouver. Morning shows carried clips of both events.

The TV Asahi network ran clips of Mr. Toyoda reading out a prepared statement in English and denying a fault in the electronic throttles in Japanese. An Asahi commentator praised the care he used in picking his words.

Japan's public broadcaster NHK reported that Mr. Toyoda offered apologies for accidents caused by defective cars and expressed his determination to do more to prevent reoccurrence. It quoted Mr. Toyoda as saying to reporters after the testimony, "I would like to thank the Congressmen who have given me this opportunity. I'd like to do my best to revive the company into the one that will put customers first."

But few experts in Japan believe he has accomplished the overarching goal of regaining the confidence of American consumers.

"[Mr. Toyoda] focused only on managing through the testimony, and lacked the purpose of being there," said Tatsumi Tanaka, president of Risk Hedge Co., a Tokyo-based risk management consulting firm.

Mr. Tanaka said he wanted to see Mr. Toyoda show his determination to American consumers and a pledge to move his office to the U.S., which is the center of the current recall issues. "The testimony did not serve to dissolve concerns among consumers."

"There was no surprise [in Mr. Toyoda's testimony]. But consumers remain unconvinced about the electronic throttle issues," said Ryoichi Saito, an auto analyst at Mizuho Investors Securities Co.

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■ Investigation into auto-parts suppliers goes global 19

Fee rules trip up India's mutual-fund industry

By Eric Bellman in Mumbai and Shefali Anand in New Delhi

New regulations aimed at helping small investors have hurt the growth of India's budding mutual-fund industry.

Investments in Indian mutual funds quintupled to close to $150 billion in assets in the past five years, making it one of the fastest-growing markets in the world and attracting the attention of U.S. and other fund companies.

Then the Securities and Exchange Board of India said that beginning Aug. 1, funds no longer could charge "entry loads," upfront fees paid by investors when they bought funds. These were primarily used to pay a commission to the brokers, insurance agents, financial planners and bank employees who sell the funds.

SEBI wants financial intermediaries to get their commissions directly from investors.

The move is designed to make it clear to investors that they are paying a commission and let them know who gets the money.

"The move was driven by a single objective—investor protection," said K.N. Vaidyanathan, the executive director of SEBI.

The change means that when a person invests $10,000 in a fund with a 2% commission, they pay $200 to the company that sold them the fund.

Under the old system, an investor putting $10,000 into a fund would have the $200 fee deducted from their account, giving them a balance of $9,800.

This is generally how sales loads work in the U.S.

The ruling has soured investors on some mutual funds altogether. Investments in funds have slowed markedly.

Stock funds, which used to have the highest loads, at 2.25%, have been particularly hard hit. They have faced a net outflow of close to $1.5 billion since Aug. 1.

While that isn't much compared with the $11 trillion dollar U.S. mutual-fund industry, in India it represents close to 4% of all funds invested in stock-mutual funds, even as the stock market rose.

Unwilling to ask for money directly from investors, financial advisers, banks and even the post office have stopped pushing most mutual funds, a loss for more than one million advisers who had been peddling the funds.

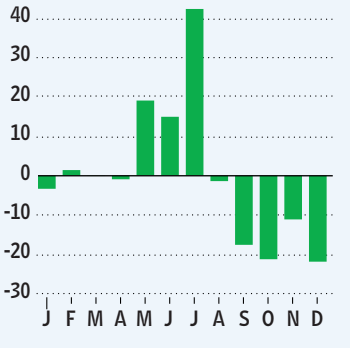
"The distributors are angry" about having to ask for fees, so they aren't pushing mutual funds, said A.P. Kurian, chairman of the Association of Mutual Funds in India, an industry group. "This changeover is certainly affecting us."

The move could hurt foreign firms, too. India was considered a fast-growing alternative to the stag-

Please turn to page 20

Equity exodus?

Net flows into equity mutual funds in 2009, in billions of rupees



Source: The Association of Mutual Funds in India

NetEase hit by game dispute

'World of Warcraft' tussle in China cuts into company's fourth-quarter margins

By Kathy Shwiff And Aaron Back

Chinese online gaming company **NetEase.com** Inc. said its fourth-quarter net profit was near flat as a just-resolved dispute over its popular "World of Warcraft" game in China cut into its margins.

NetEase had said earlier this month that the General Administration of Press and Publication had finally given its approval for the company to operate "World of Warcraft" in China. NetEase's American depositary shares on the Nasdaq Stock Market jumped 7.6% on the news at the time.

The approval for the online game, which is massively popular in China, ends a drawn-out turf battle between the Ministry of Culture and GAPP, which slowed the roll-out of the latest "World of Warcraft" game licensed from **Activision Blizzard** Inc.

The game made its debut in China in mid-September, but GAPP's announcement in November that the company should stop charging players had left its fate uncertain.

Despite being unable to charge players, NetEase still had to pay licensing fees for the game to Activision Blizzard, which affected its margins and profit.

With regulatory approval now in hand, the financial picture is likely to improve, but the company didn't offer specific guidance on results going forward.

➔ Chinese performers pose at the World of Warcraft stand at an exhibition in Beijing last year.

Fourth-quarter results were still better than Wall Street had expected due to an upswing in NetEase's advertising revenue.

After NetEase's earnings announcement, which came after the close of regular U.S. trading Wednesday, its American depositary shares rose slightly in after-hours trading, but were off 13 cents at $38.11 in midday trading Thursday.

NetEase gets most of its revenue from games, but also operates an online portal and a popular email service.

That helped it weather the global economic downturn, even as the dispute over the "World of Warcraft" game roiled its business.

Chief Executive William Ding pointed to a strong sequential increase in advertising revenue "as our strategy to restructure our portal business operations and our other new marketing strategies launched in the beginning of the year began to deliver positive results."

"Looking ahead, we remain cautiously optimistic about the course of our advertising business in 2010," he added.

For the latest quarter, NetEase reported net profit of 571.8 million yuan ($83.8 million), or 4.39 yuan (64 cents) an ADS, down from 575.9 million yuan, or 4.46 yuan an ADS, a year earlier.

The latest results included a net foreign exchange loss of 15.3 million yuan compared with a year-earlier loss of 22 million yuan.

Revenue jumped 58% to 1.25 billion yuan.

Analysts estimated earnings of 59 cents an ADS on revenue of $179.3 million, according to a poll by Thomson Reuters.

Revenue from online games, which provides the bulk of the total, climbed 62%, while advertising revenue increased 64%.

Gross margin for the fourth quarter fell to 67.5% from 80.8%.

Nomura to sell dollar bonds to aid U.S. expansion

By Megumi Fujikawa And Atsuko Fukase

TOKYO—**Nomura Holdings** Inc. plans for the first time to sell dollar-denominated bonds in a public placement outside Japan, as it seeks to rebuild its presence in the U.S. market.

Nomura, Japan's largest brokerage firm by revenue, said Thursday that it has filed a registration with the U.S. Securities and Exchange Commission to sell the bonds over the next three years. The sale will "raise operating funds for use inside the U.S.," a spokeswoman said.

Other details, including the timing and size of the offering, haven't been decided, the spokeswoman said. The company would monitor the market, she said. Nomura Securities International will be the lead manager for the deal.

Although Japanese firms do issue bonds outside the home market, it isn't common.

Nomura earlier this month pointed to its U.S. operations, which are smaller than its Asian and European business, as a growth driver. The company began strengthening its U.S. business late last year.

In 2007, Nomura stopped securitizing residential mortgages in the U.S. after booking hefty losses due to the financial crisis. The next year, it bought the European and Asian arms of Lehman Brothers after the Wall Street firm's collapse, but Barclays PLC snapped up Lehman's U.S. hub.

As a result of the Lehman acquisition, Nomura's international revenue for the July-September period exceeded domestic sales for the first time. The Tokyo broker has reported a profit for the last three quarters.

Nomura executives have said the next challenge will be its U.S. business and that the firm will meet it by hiring talented people. The company will work more on traditional businesses, such as U.S. bond dealing and U.S. stock trading, rather than "niche business," Chief Executive and President Kenichi Watanabe said at a conference late last year.

In February, it transferred Glenn H. Schiffman, a former Lehman banker who was Nomura's head of investment banking for Asia ex-Japan, to New York, where he was made head of the investment-banking division for the U.S. Nomura also increased the number of employees in the U.S. by about 50% in the nine months ended December, to 1,643.

As part of its efforts to strengthen its U.S. operation, Nomura raised about 432.8 billion yen ($4.8 billion) in October by issuing common shares.

In an attempt to diversify its fund raising, Nomura has also issued debt in euros. It sold 250 million euros ($338 million) worth of bonds in January. The company said demand was strong.

NEC aims to raise net by tenfold

By Hiroyuki Kachi And Juro Osawa

TOKYO—**NEC** Corp. said it seeks to boost group net profit in the fiscal year ending March 2013 to 100 billion yen ($1.1 billion), 10 times its 10 billion-yen estimate for the current fiscal year.

The Tokyo-based computer and network-equipment maker plans to strengthen its established businesses while gaining presence in emerging green-energy markets. These include electric-car batteries and next-generation power-distribution networks.

The company Thursday called the target "a milestone" in positioning itself as one of the world's top information- and communications-technology companies.

NEC will be working toward its three-year targets under new leadership. The company said earlier Thursday that its senior vice president, Nobuhiro Endo, will become president with the start of the new fiscal year April 1 and its current president, Kaoru Yano, will become chairman.

The merger of NEC's loss-making semiconductor operations with unlisted **Renesas Technology** Corp., scheduled for April 1, will allow the company to concentrate more resources in growth areas. Last year, NEC issued new shares, raising about 118 billion yen it aims to spend on its computer-related services, network business and battery-related operations.

In its mainstay information-services business, the company aims to grow by helping corporate clients move to next-generation Web-based business models. At its telecom-infrastructure business, another core area, NEC will develop its operations by providing mobile carriers with better infrastructure for faster data transmission.

At its energy businesses, NEC will supply electrodes for lithium-ion batteries used in cars that its battery joint venture with **Nissan Motor** Co. will start mass-producing later this year. Under its midterm plan, NEC also aims to boost its presence in overseas markets by focusing on Asia and other emerging markets. It will set up an independent sales division in April to explore potential demand there.

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Palm warns of weak handset sales

Shares tumble as smart-phone maker says revenue will be 'well below' forecasts as new devices fail to catch on

By Roger Cheng And Niraj Sheth

Palm Inc. warned Thursday that its new smart phones aren't selling as well as hoped, dealing a blow to one of the company's last chances to show it can compete in the brutal market it helped pioneer.

Palm rolled out its new Pre and Pixi phones last year in an attempt to regain ground lost to **Apple** Inc.'s iPhone and **Research In Motion** Inc.'s BlackBerry. While the phones have won praise from reviewers, sales have stalled because carriers haven't marketed them as heavily as rivals and consumers have gravitated towards devices with more applications.

Associated Press

The Pre Plus, left, and the Pixi Plus are part of Palm'.s phone lineup.

The company said Thursday wireless carriers are ordering fewer of the phones than expected and are deferring orders they have made to future periods. As a result, Palm said its revenue for the fiscal year will be "well below" the $1.6 billion to $1.8 billion it had forecast. The company's shares dropped more than 15% in New York afternoon trading. "Driving broad consumer adoption of Palm products is taking longer than we anticipated," Chief Executive Jon Rubinstein said in a release.

Mr. Rubinstein, a former Apple executive, was brought in two years ago to lead a turnaround. That effort is premised on the Pre, which Palm launched in June, and the smaller Pixi, launched in November.

Trouble selling the phones was evident in the company's last quarter. While Palm shipped more phones to carriers, the number of those phones that carriers were able to sell to consumers fell sharply from the prior quarter.

The company launched the phones with **Sprint Nextel** Corp., a weaker national carrier. Verizon Wireless began offering the devices late last month, and they will soon be available at **AT&T** Inc. But those two market leaders are putting their marketing weight behind phones they sell exclusively, like **Motorola** Inc.'s Droid, which runs Google's Android system, and Apple's iPhone.

Verizon Wireless, a joint venture of **Verizon Communications** Inc. and **Vodafone Group** PLC, was supposed to provide Palm and the phones a spark. But analysts who check sales channels said this week the carrier's sales of Palm phones appear to be sluggish. "We are concerned the window of opportunity may be closing," Bank of America Merrill Lynch analyst Vivek Arya said Tuesday.

Verizon spokeswoman Brenda Raney reiterated the company's support for Palm phones Thursday.

One of the keys to revitalizing Palm's sales is spurring the development of third-party programs that can run on the company's phones. Apple and Google have the benefit of larger, more established developer communities producing more programs.

For its fiscal third quarter, Palm expects revenue of $285 million to $310 million, far below the $425 million analysts predicted, as polled by Thomson Reuters. The company reports its earnings March 18.

Microsoft wins 'botnet' order

By Nick Wingfield

Microsoft Corp. mounted an unusual legal attack this week to try to take down a global network of PCs that the company accuses of spreading spam and harmful computer code.

A federal judge in Alexandria, Va., granted Microsoft's request for an order to deactivate 277 Internet addresses, or domain names, that the company linked to a "botnet"—an army of tens of thousands of PCs around the globe, infected with malicious code that allows them to be harnessed for nefarious purposes.

Microsoft on Monday filed a suit that targets a botnet identified as Waledac. It accuses 27 unnamed "John Doe" defendants of violating federal laws against computer crime. In a private hearing that day, Microsoft attorneys asked U.S. District Judge Leonie Brinkema to issue a restraining order under seal—a rare move in civil cases of this nature—to allow the company to secretly sever communications channels to the botnet before its operators could re-establish links to the network.

"We have a high degree of confidence this will be major blow to this botnet," said Richard Boscovich, a senior attorney in Microsoft's digital crimes unit and a former federal prosecutor for 18 years.

The restraining order Microsoft received compelled **VeriSign** Inc., the company that oversees the registration of all domain names ending in ".com," to temporarily turn off the suspect Internet addresses. Microsoft began notifying the domain-name owners of its actions early Thursday after the protective order covering the court actions was lifted.

The court order gives people associated with the affected domain names until March 8 to reclaim ownership of them. Microsoft attorneys believe it's unlikely any will do so. Examples of the affected domain names include Lifegreetingcard.com, Movies4thjuly.com and Bestgoodnews.com. Nearly all 227 names list contact information for people in China. Attempts to reach the China-based registrants were unsuccessful.

The single U.S.-based registrant of a suspect domain in Microsoft's complaint, Stephen Paluck of Beaverton, Ore., said in a phone interview he was doing nothing wrong from his Internet address, Debtbgonesite.com. Mr. Paluck said he didn't know what a botnet was and wants Microsoft to return his domain name to him, which he last used to send email from in December. "I want it back," he said. "I'm not doing anything illegal."

Mr. Paluck's response highlights the risk of collateral damage from an approach like Microsoft's, which could sweep up domain names that also have legitimate uses and were themselves compromised for malicious purposes by hackers. Microsoft says it carefully analyzed the suspect domain names to try to ensure they're only used being used in connection with Waledac.

A U.S. judge granted the company's request to deactivate 277 Internet addresses Microsoft claims are linked to computers compromised by hackers.

Microsoft's takedown attempt follows on the heels of a cyberattack that Internet-search company **Google** Inc. said last month was launched against it from computers based in China. Microsoft didn't cite any connection between Waledac and the incidents cited by Google.

Mr. Boscovich said Microsoft can't yet verify whether the owners of the suspect domain names are Chinese; some may have supplied false names and contact information when registering the addresses.

If successful, Microsoft's move could offer a new tactic for combating one of the most potent technologies in the toolbox of cybercriminals. Botnets are formed through the infection of PCs with malicious code, which unsuspecting users are tricked into running through fake electronic greeting cards and spam. The code turns the PCs into "drone" machines that let botnet operators secretly use them to launch "denial of service" attacks by flooding legitimate Web sites with traffic from thousands of computers.

The machines can also be used to launch spam. More than 83.4% of the unsolicited email originated from botnets at the end of last year, according to a report released last month by security software provider Symantec Corp.

Microsoft estimates the Waledac botnet consists of between 30,000 and 90,000 drone PCs and was responsible for transmitting 651 million spam emails to the company's Hotmail email service over an 18-day period last month.

Botnets are notoriously difficult to take down because they consist of thousands of different PCs around the world. They are arranged in tiers of systems that allow operators to control machines remotely while making it difficult for security personnel to block attacks or identify perpetrators.

Following Microsoft's moves, operators of Waledac may find methods of retaking control of their drone computers. Those systems will remain infected until their owners can repair them with tools for detecting malicious code.

Microsoft's approach seeks to decapitate the botnet by cutting off access to the domain names from which Waledac is programmed to take commands. Andre M. Di Mino, cofounder and director of a nonprofit security research organization called the Shadowserver Foundation—which worked with Microsoft in analyzing the Waledac botnet—called the company's legal tactic "pretty groundbreaking."

Even if it works, there are many other botnets, which can be used to harvest credit-card information, passwords and other sensitive data. Cris Paden, a spokesman for Symantec, which consulted with Microsoft on its legal action, said people need to take security precautions to prevent their PCs from getting infected. "It's not a silver bullet," he said.

Nintendo sets launch of new DSi in March

By Yukari Iwatani Kane

Nintendo Co. said it will launch the DSi XL, a bigger-screen version of its popular portable game device, in the U.S. next month as it seeks to continue growing amid more competition from devices like smart phones.

The Japanese videogame maker said the DSi XL will sell for $189.99—or $20 more than the previous model—starting March 28. The device, first unveiled in Japan this past November, will have a screen that is 93% bigger than last year's model.

At a presentation in San Francisco, Nintendo emphasized the breadth of games and applications for the DS that it is launching in coming months. The company said software called "America's Test Kitchen: Let's Get Cooking" would offer 300 recipes and include step-by-step how-to videos, audio cooking instructions and the ability to share tips wirelessly with friends.

"This product really fills a gap between portable play and the kinds of social experiences that up until now had only been available on consoles," said Cammie Dunaway, Nintendo of America's executive vice president of sales and marketing.

Nintendo also introduced new games for its DS game players and Wii console, including "Photo Dojo," a downloadable fighting game for the DS that lets players create characters by taking pictures of themselves and their friends.

Nintendo's new device comes as traditional game machines face more competition from multipurpose devices such as **Apple** Inc.'s iPhone. In introducing the iPad tablet computer last month, Apple Chief Executive Steve Jobs showcased games as one of the gadget's notable features. Game developers are also starting to make games available for smart phones running on **Google** Inc.'s Android ystem.

Though analysts say core game players tend to stick with devices dedicated to games like the DSi, Nintendo faces a particular challenge in wooing mass-market consumers, who have been one of their most important audiences but who now have access to more entertainment options.

The DS players have been a success for Nintendo, which has sold more than 125 million devices cumulatively world-wide since the original launched in 2004. Nintendo expects to sell 30 million DS units in the current fiscal year, ending next month, which is slightly lower than the previous year.

Geely to buy small auto maker

By Patricia Jiayi Ho

BEIJING—**Zhejiang Geely Holding Group** Co., the Chinese auto maker that is attempting to take over **Ford Motor** Co.'s Volvo brand, said Thursday it plans to buy small commercial and specialty-car maker **Zhejiang Zhongyu Automobile** Co. to expand its product line.

Both auto makers are based in eastern China's Zhejiang province. No financial terms were disclosed.

The plan is another example of consolidation in China's fragmented auto industry, which Beijing is encouraging as it aims to bolster domestic competitiveness. China currently has more than 80 auto makers competing for thin slices of the market.

Zhejiang Geely, the parent company of Geely Automobile Holdings Ltd., also plans to invest an initial 350 million yuan ($51.3 million) to build a crash-test center, the company said in a statement, without providing other financial details.

Zhejiang Zhongyu Automobile makes vehicles using technology based on Mercedes-Benz's Sprinter and Vito vans through an agreement with **Daimler** AG, the statement said.

CORPORATE NEWS

Philippine cigarette makers combine

By Cris Larano

MANILA—**Philip Morris Philippines Manufacturing** Inc. and **Fortune Tobacco** Corp., the cigarette firm of tycoon Lucio Tan, have formed a new company that will unite the two firms' Philippine distribution and manufacturing operations.

The new company, called **PMFTC** Inc., will be equally owned by the two firms and will account for 90% of the Philippines cigarette market. Mr. Tan will be the chairman of the company while PMPI Managing Director Chris Nelson will be the president.

"This is not a merger. This is the creation of a new company," Mr. Nelson told a news conference Thursday. "We will have representation in all segments of the Philippine market," he added.

The Philippine cigarette market had an estimated volume of 85 billion cigarettes in 2009, with PMPI in the premium brand market and Fortune Tobacco in the medium and value-price segments.

PMPI employs around 1,000 workers while Fortune Tobacco has around 4,000 employees.

It is unclear if the joint venture will eventually result in job losses. Harry Tan, Lucio Tan's brother and a director of the new company, said they expect to realize "large savings" as a result of the tie-up.

"Our decision to unite with a highly respected multinational company will ensure that we will continue to build and grow Fortune Tobacco's strong and established brands," said Mr. Tan. "Further, this will be a very good opportunity for us to professionalize the management of our company and expose our employees to international management practices."

PMPI, an affiliate of **Philip Morris International**, will retain its export business, which accounts for around a quarter of annual volume. The company exports mainly to Thailand around seven billion Marlboro and L&M brand cigarettes every year.

Fortune Tobacco will continue to manufacture cigarettes for other companies such as **Japan Tobacco** Inc., the overseas distributor of U.S. cigarette brands such as Camel, Winston and Salem.

Agence France-Presse/Getty Images

Fortune Tobacco's Lucio Tan.

GM weighs 2 Hummer bids

Car maker reconsiders offers for SUV brand after collapse of deal with China's Tengzhong

By Norihiko Shirouzu And Sharon Terlep

General Motors Co. is looking at two offers for its Hummer brand after a deal to sell the line of sport utility vehicles to a Chinese manufacturer collapsed this week, a person familiar with the situation said Thursday.

The latest suitors previously submitted bids for Hummer, which GM turned down in favor of a deal with China's **Sichuan Tengzhong Heavy Industrial Machinery**. But the auto maker is giving the bidders a fresh look after Tengzhong failed to win approval from Chinese regulators, the knowledgeable person said.

GM said Wednesday it would wind down Hummer operations after concluding Tengzhong wouldn't be able to finalize the deal. That process continues as GM weighs the latest offers.

Hummer's extinction remains likely, given that both potential buyers have already been turned down by GM. But the auto maker, facing the latest in a string of failed efforts to sell underperforming brands, is willing to consider even a long-shot deal if it comes with adequate financing, the person familiar said.

If the new offers fail to produce a deal, Hummer will join Pontiac and Saturn in the scrap yard of failed brands. Tengzhong planned to pay $150 million for the brand.

GM sold just 9,046 Hummers in the U.S. last year, down from more than 71,000 in 2006.

The Detroit auto maker's efforts to sell its Saturn brand unexpectedly collapsed last year. Later the company reversed plans to sell its Adam Opel European unit after months of intense negotiations failed to produce a favorable deal.

Wednesday's decision follows months of uncertainty about Tengzhong's bid, which was announced last June and accepted by GM in October. Around the time of the June announcement, Tengzhong applied for approval from the provincial government of Sichuan, where it is based, according to a person familiar with the matter. From there, the application was supposed to be sent to the National Development and Reform Commission, the central government's top planning agency, and to the Ministry of Commerce, among other agencies.

But it is now clear that the application made little or no headway in the intervening eight months. On Wednesday, Assistant Commerce Minister Wang Chao said his ministry never received an application from Tengzhong, echoing other comments from the ministry in recent months. An official in the foreign affairs department of the NDRC said the commission also hasn't received any application.

"It looks like no one took responsibility" for the deal inside the bureaucracy, said the person. But since Tengzhong's application "was never formally received" by regulators, "it's not going to be formally rejected." The person said that officials didn't give a specific reason for withholding approval but that it's "reasonable" to assume—as analysts have speculated since the deal's announcement—that Hummer's reputation for "not being green" doesn't fit with Beijing's efforts to promote fuel efficiency and green technologies in its auto industry.

Lawyers and others involved with deals in China say the failure of the Hummer bid reflects a regulatory process that remains remarkably opaque despite China's economic clout and its status as one of the world's biggest sources and recipients of global capital.

"The official approval process is a big barrier to getting a deal through" in China, said **Antony Dapiran**, a China-based partner at law firm Freshfields Bruckhaus Deringer LLP who advises Chinese companies investing overseas and foreign companies investing in China. Mr. Dapiran said one of the first questions investors ask about deals is what they can do to boost their chances of approval. But "there's not a lot of concrete advice, guidance or steer you can give clients," he said, citing a "fairly low degree of transparency on how decisions are made."

In addition to approvals from the provincial government, the NDRC and the Commerce Ministry, deals as big and prominent as the Hummer bid may need clearance from other agencies, such as the Ministry of Industry and Information Technology and the State Administration of Foreign Exchange.

—Liu Li contributed to this article.

Bloomberg News

GM's Tengzhong deal failed to win approval from Chinese regulators. Above, a used Hummer for sale in Beijing Thursday.

Toll posts profit drop, expects tough road

By Iain McDonald

SYDNEY—Australian logistics company **Toll Holdings** Ltd. said Thursday net profit for the six months to Dec. 31 fell 32% due to the toughest conditions in years and it expects similar second-half results.

Toll said revenue has begun to pick up and it remains on the hunt for acquisitions. Still, its shares slumped 18%, closing at 7.10 Australian dollars (US$6.34) compared with a 1.2% drop for the broader market.

Toll has been expanding rapidly outside its home market, but recent acquisitions are yet to generate significant revenue.

With the Australian dollar remaining relatively high against other currencies, 80% of the company's earnings are coming from its Australian operations.

Despite the signs of improving revenue across its businesses, the company expects trading results in the second fiscal half ending June 30 "to be broadly in line with the first half," which ended Dec. 31.

Australia's booming resources sector is expected to provide good opportunities for growth but Toll's Asian businesses "continue to experience flat trading conditions in most regions," it said in a statement, adding that the global forwarding business is still facing "challenging conditions."

Toll's net profit in the first half fell to A$107 million, from A$158.0 million a year earlier with revenue down 6% to A$3.31 billion from A$3.51 billion.

Still, the company kept its interim dividend unchanged at 11.5 cents compared with the same period a year earlier.

Toll's business includes an extensive transport and warehouse network throughout Australia, New Zealand and Asia, providing customers an integrated service to move goods via road, rail, sea or air in more than 50 countries.

Three Japanese car makers plan recalls in Japan

By Juro Osawa And Kazuhiro Shimamura

TOKYO—Japanese auto makers **Suzuki Motor** Corp., **Nissan Motor** Co. and **Daihatsu Motor** Co. plan to begin recalls Friday of a total of more than 550,000 vehicles, mostly in Japan, in a move that comes as the country's top car maker, **Toyota Motor** Corp., faces close scrutiny over a massive global recall.

Suzuki said Thursday it will recall 432,366 vehicles in Japan due to faulty parts related to air conditioning. Japan's transport ministry said those parts have caused at least two fires. Suzuki couldn't be reached for comment.

Nissan said it will recall 76,415 vehicles, while Daihatsu said it will recall 60,774 vehicles.

The ministry said the recalls aren't particularly unusual. It said it receives about 300 recall filings from auto makers every year.

Suzuki is recalling two models made between 2005 and 2009, the Every and the Scrum, which are sold under the Mazda brand.

Nissan will recall 10 models made between 2007 and 2008, including the Cube, the Tiida and the March, all due to problems with electric cables connected to the engines. The recalled models also include one sold under the Mazda brand. Nissan said it also will recall 2,281 models outside Japan for the same problem.

Daihatsu will recall four models, including the Atrai and the Hijet, due to an electrical wiring problem with air bags.

CORPORATE NEWS: THE TOYOTA RECALL

Problems aren't part of Prius tour

Everything is up to snuff in Toyota City as cars snake down assembly line: 'People don't want to be disrespectful'

By Mariko Sanchanta

TOYOTA CITY, Japan—The day **Toyota Motor** Corp. announced it would recall nearly half a million hybrid vehicles world-wide, a packed bus of excited foreign tourists was slowly rolling up to the Japanese car maker's Prius factory here.

"Please fasten your seatbelts for your safety," said Maiko Ogino, the Toyota tour guide, sweetly.

Sari-wearing Indian moms standing alongside visiting Germans oohed and aahed over the white trumpet-playing robot, which belted out "Over the Rainbow" in the Toyota Kaikan Exhibition Hall. They nodded gravely when Ms. Ogino explained Toyota's philosophy of *jidoka* in the factory: "Quality must be built in the manufacturing process. Never send defective items to the next process." The visitors admired the rope that factory workers pull if they notice something abnormal on the production line.

"I wanted to bring my daughter, but Toyota doesn't allow children under three," said Lum Moe Sing, a Singapore television producer on vacation with his family.

The foreigners here to see Toyota's manufacturing prowess up close seemed largely oblivious to the fact that the world's biggest car maker has recalled more than eight million vehicles over the past few weeks, with the company's key maxims—quality control and safety—hanging by a thread.

In three hours of touring the Prius factory and wandering the Toyota Exhibition Hall, the subject of recalls didn't come up much and was swiftly batted away.

"We don't get a lot of questions about the recall. I think people don't want to be disrespectful," said Ms. Ogino.

Crisis? What crisis?

Toyota is a strand of Japan's cultural DNA, so much so that **Japan Travel Bureau**, the country's leading tour agency, bills its expensive twice-weekly Toyota factory tour in Nagoya right up there with sushi, sumo and geisha tours. It is the only official factory tour the bureau offers to foreigners.

Associated Press

Newly assembled Priuses rolled out at the Toyota Tsutsumi plant in central Japan in June 2009.

JTB says the Toyota tour is "a must-see for car lovers and those interested in Toyota's world-famous manufacturing processes." The group charges 39,000 yen, or about $430, from Tokyo to Nagoya for the tour, which includes the factory visit and a trip to the museum. Yayoi Niwa, the JTB tour guide who leads the tour from Nagoya, says six or seven people usually sign up through JTB. Meanwhile, Toyota runs its own, very popular, free English-language tour five days a week.

Aiko Sekine, the chirpy JTB tour guide, met a reporter at 6:50 a.m. at Tokyo station Tuesday morning—the day of the Prius recall—to guide her to the Shinkansen bullet train platform. Ms. Sekine's eyes opened wide. "You are the first lady I have met to go on this tour," she said. "Usually, it is men and families." After a few minutes of small talk, she asked, unprompted: "Have you heard the news about Toyota in the U.S.?"

Asked if the recall has dented the tour's popularity, she said it hasn't. The bigger issue, said Ms. Sekine, who has been a JTB tour guide for 11 years, is that tourists from America have been steadily declining since last year, especially senior citizens, as the yen has strengthened against the dollar. With that, she says farewell. "I hope you can see the top of Mount Fuji from your seat," she said, waving.

In Japan, guided tours—complete with flag-bearing leaders—are an institution, especially now, given the nation's aging population. With more Japanese retirees flooding the market, Japan's myriad travel agencies are plotting new tours, especially for idle men. **Club Tourism International** Inc., a Tokyo travel group, launched a "Tour of Social Study for Adults" in June 2006, targeting men over 50.

The company's tours include visits to a brewery, a Yamaha piano factory, and a Parliament building, as well as to a Toyota factory. Some men join these tours with business colleagues to check on rival firms.

Although there is a small group of men in suits on the JTB Toyota tour for foreigners, they aren't corporate spies but, rather, a group of Toyota employees based in Bangkok.

On the way to the Prius factory, which is just outside Toyota City about an hour's train ride from Nagoya, the tourists peered out the window of their bus at flat terrain sliced up into wide roads. Many of the buildings are company related: a Lexus dealership, a Toyota rent-a-car shop, a Toyota dealership.

The first stop for the group was the welding area, where 65 big robots help assemble and weld steel parts. But, much to the group's dismay, the line had been halted because of a production glitch and the robots were at a standstill. Children on the tour were disappointed.

The tour guide was asked, while the group admired the Prius assembly line, whether the Prius recall for brake problems had damaged the popularity of the tour. Ms. Ogino struggled for an answer, and one of the men in suits piped up. He said people interact with brakes in different ways.

"Maybe one person says it's OK, and the other person doesn't," said Antonio Lee, a regional manager for Toyoda Machinery S.E. Asia Co. In Singapore.

Inside the Prius factory, where the slogan is "Eco cars are the product of eco plant and eco people," cars snaked down an assembly line and workers opened and shut trunks, made sure the seats recline, honked horns. The Toyota production system, the group learned, is a flexible way to make cars based on "reliable delivery" and "customers first."

After the tour, the participants ruminated on the experience.

"I'm working on research on the economic crisis," said Sukanya Natarajan, a visiting research fellow from New Delhi. "I wanted to see how Toyota was affected and how it would come out of it. The recalls will have an impact, but the [economic] crisis will have a bigger impact on Toyota."

"I thought the Toyota factory was a little dirty," said Mr. Lum. The factories in Germany are spotless. They have white floors."

Ms. Niwa, the JTB tour guide who joined the group for lunch, passed out her business cards. She turned somber when asked about the possible fallout from the company's woes. "This is not only a crisis for Toyota," she said, away from the other tourists, "but for Nagoya ...and the rest of Japan."

Probing sudden acceleration

By Kate Linebaugh
And Dionne Searcey

Congress this week has begun wading into an issue that has vexed the auto industry for decades: Is sudden acceleration caused by driver mistakes, or by problems with cars?

The consensus among industry executives and federal safety regulators, embodied in a 1989 report by the National Highway Traffic Safety Administration, is that most cases of sudden acceleration result from drivers hitting the gas pedal when they meant to hit the brakes.

But this week, witnesses at a hearing of the House Energy and Commerce Committee have said that 21-year-old report is outdated in an age when many vehicles are controlled by electronic throttle and braking systems that didn't exist in substantial numbers back then.

Toyota Motor Corp. President Akio Toyoda told a congressional committee Wednesday that he was "absolutely confident" there was no design flaw in the company's electronic throttle-control system. When asked by a lawmaker whether Toyota would continue to blame drivers for sudden accelerations problems, Mr. Toyoda said: "I will make sure that we will never ever blame the customers going forward."

Toyota's U.S. sales chief, Jim Lentz, told lawmakers Tuesday, "I don't think any manufacturer knows 100% what is causing" sudden acceleration.

He says the company is confident "from what we know today" that electronics aren't a problem, but that Toyota's recent safety recalls may not totally solve sudden unintended acceleration in its cars.

Driver error is the auto industry's bugaboo. Even when dealers and auto makers suspect driver error, it is difficult for them to outright blame their customers for fear of alienating them or appearing insensitive, as sometimes serious injuries or fatalities are involved.

In Toyota's case, some of the most high-profile incidents of sudden acceleration involve drivers who are elderly or have health issues that may never be definitively ruled out as contributing factors.

Mr. Lentz acknowledged after a hearing Tuesday that both auto parts and human error could be to blame. "I think in the case of sudden acceleration there are mechanical issues, there are human interface issues. There is pedal misapplication. It exists."

In the 1980s, a consumer scare over mechanical defects in **Volkswagen** AG's Audi 5000 vehicles caused Audi sales to collapse, but the NHTSA later determined the cause of the problem was "pedal misapplication," meaning a driver was mistakenly hitting the gas instead of the brake. It took years for Audi's sales to recover and a mechanical defect was never found in the vehicles.

Safety regulators, human-error experts and auto makers say driver error is the primary cause of sudden accelerations, and if there are no error codes in the electronics, there is no evidence to support an electronic failure.

In cases where there is no evidence of mechanical failure, NHTSA investigators continue to rely on the 1989 report that concluded driver error was the most likely explanation.

Authorities raid offices of car-parts makers

By Jeff Bennett
And Peppi Kiviniemi

An international investigation of auto-parts makers over alleged price-fixing intensified Thursday as more companies confirmed office raids by authorities.

Several suppliers, including German car parts maker **Leoni** AG, were visited by the European Commission. Authorities in Japan also searched offices of parts makers. The European and Japanese companies—along with Yazaki North America, **Denso** Corp.'s Denso International America Inc. and **Tokai Rika** Co. that were raided Tuesday by the FBI in the U.S.—all make automotive electrical distribution systems or components.

U.S. officials have refused to disclose the specific reasons and timing behind the raids. Although many of the companies make products for **Toyota Motor** Corp., officials have said the alleged violations aren't Toyota-centric.

Leoni confirmed its offices had been visited as part of the commission's probe. Leoni is cooperating with the commission, a spokesman said.

Continental AG of Germany said **SY Systems Technologies** GmbH, a 50-50 joint venture between Continental and Japanese auto supplier **Yazaki Group**, is also under investigation. A SY Systems spokesperson wasn't immediately available for comment.

Yazaki confirmed authorities visited its offices in Kentucky and Ohio. Denso and Yakazi said they were cooperating with the investigation. Toyota spokeswoman Cindy Knight said the company is trying to determine why the FBI is investigating the companies.

Meanwhile, Japanese investigators searched offices of electric cable makers over suspected collusion, according to an official at Japan's Fair Trade Commission. Investigators searched the offices of Yazaki, **Sumitomo Electric Industries** Ltd., **Furukawa Electric** Co. and several other Japanese electric cable makers over suspected collusion, the commission said.

KKR nears Big Board listing

Private-equity firm could be traded in U.S. within months; developments with Kodak

By Peter Lattman

Kohlberg Kravis Roberts & Co.'s rocky path to a public listing on the New York Stock Exchange is finally drawing to a close.

As part of the 2009 earnings release for its European-listed vehicle issued Wednesday, the private-equity firm said it will seek a listing on the NYSE. The timing of the listing remains unclear, but it is expected that KKR should start trading in the U.S. within the next several months.

The firm, which was co-founded by Henry Kravis and George Roberts and has $52 billion under management, posted strong fourth-quarter and full-year results as it benefited from the financial-markets rally. KKR posted $1.95 billion of economic net income—a figure that represents income from fees, gains on investments and investment income minus expenses—for 2009. It didn't report results under traditional accounting methods as ENI is the measure that analysts and investors use for publicly traded private-equity partnerships.

KKR also said it would pay an 8-cent-per-share quarterly dividend, the first time KKR has paid out a distribution to its shareholders.

In its core buyout business, KKR marked up its private-equity portfolio by about $1.84 billion, or about 5%, in the fourth quarter. The firm has substantial profits in both discount retailer **Dollar General** Corp. and hospital chain **HCA** Inc., two of its most successful private-equity deals. On the downside, its stakes in **Energy Future Holdings** Inc. and **First Data** Corp. are being held at 40% and 60% of cost, respectively.

Bloomberg News (Kravis); Advertising Archive/Everett Collection; Bloomberg News

Henry Kravis could be ringing the NYSE bell soon. Meanwhile, his KKR is managing a Kodak bond sale.

KKR first filed for an initial public offering in July 2007 at the peak of the buyout boom but was unable to pull off a deal as the markets seized up. The firm has been publicly traded on Euronext in Amsterdam since October after executing a "backdoor IPO" by combining with a European affiliate that invests in KKR's funds and deals.

As a public firm, KKR will continue efforts to extend its brand and diversify away from leveraged buyouts as the environment for raising funds is now challenging. It is plotting to expand into the traditional money-management business investing in public equities, as well as an expanding capital-markets business that helps sell the debt and equity of companies.

Also Wednesday, **Eastman Kodak** Co. said it was repurchasing a $300 million note held by KKR as part of a broader refinancing of the photography icon's high-interest debt. The move came as a surprise as KKR had just invested in Kodak in September. Two KKR executives will continue to serve on Kodak's board, and the firm will keep warrants that could give it a 20% equity stake if Kodak's depressed stock recovers.

Underscoring KKR's push into capital markets, the firm is serving as joint lead manager on Kodak's new debt issue.

Fortress, Blackstone narrow their losses

By Joseph Checkler

Quarterly losses at **Blackstone Group** LP's and **Fortress Investment Group** narrowed, and Blackstone's core results swung to a better-than expected profit.

Blackstone, a major hedge-fund and private-equity firm, posted a loss of $143.3 million for the fourth quarter, compared with a year-earlier loss of $415.2 million. Economic profit, which excludes costs related to its initial public offering and acquisitions, rose to $329.4 million, or 29 cents a unit, from a year-earlier loss of $763.8 million, or 68 cents a unit. Revenue was $725.3 million as the prior-year figure was negative due to large investment losses.

Analysts in a Thomson Reuters poll predicted earnings of 20 cents a unit on $567 million revenue.

Assets under management were $96.1 billion, down a bit from the third quarter but up 6% from a year earlier. The fourth quarter is often one where hedge-fund managers have dropoffs in assets under management, because many investors make end-of-the-year withdrawals.

Blackstone is considered well-positioned in much of its private-equity portfolio, because it doesn't have as much long-term debt coming due as some of its peers.

Chairman and Chief Executive Stephen A. Schwarzman that although a recovery in Western economies will be slow and choppy, the worst has passed.

Fortress, one of the three major public U.S. hedge-fund managers, saw a rebound in the performance of its funds. meaning it is beginning to make up ground in terms of its funds' high-water marks, or the level of performance needed to collect lucrative incentive fees.

Fortress's management fees and incentive fees, the drivers of revenue for private-investment firms, nearly quadrupled in the fourth quarter from the previous quarter, even though they fell from the fourth quarter of 2008. Management fees fell 32%, while incentive income—money paid for achieving certain returns—was $57 million compared with negative $107 million a year earlier.

All of the capital in the company's macro funds entered 2009 under their high-water marks, but by the end of 2009, 19% was above. Less than two months into 2010, that number is up to 36%, thanks to all of Fortress's liquid hedge funds gaining in January.

Fortress's assets under management rose 7.5% from a year earlier to $31.76 billion. That represents a slight drop from the third quarter of 2009, as strong performance was offset by redemptions, Chief Executive Daniel Mudd said on a conference call with analysts.

Capital raised surged to $616 million from just $28 million a year earlier; $409 million of that was raised in liquid hedge funds.

Fortress posted a loss of $261 million, or 58 cents a share, from a year-earlier loss of $426 million, or $1.50 a share. Analysts surveyed by Thomson Reuters forecast an eight-cent profit. Revenue decreased 20% to $584.1 million.

Brokers ride the bonus wave

By Aaron Lucchetti And Brett Philbin

Bonus has become a bad word for traders, investment bankers and top executives at Wall Street securities firms. For thousands of brokers, though, the big bucks just keep rolling in.

Mark Curtis, one of the biggest generators of commissions in the brokerage giant formed last year by **Morgan Stanley** and **Citigroup** Inc.'s Smith Barney unit, got a payout in 2009 that people familiar with the firm estimate at $10 million or more.

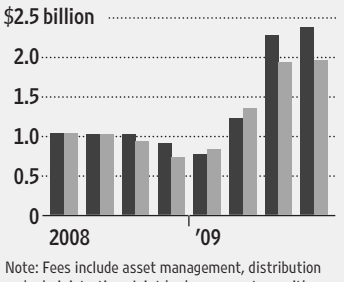
Morgan Stanley Smith Barney promised top brokers like Mr. Curtis 75% of certain fees and commissions generated in 2008 as part of the pay plan agreed to by both companies as a way of enticing top brokers to stick around after the merger. A team of brokers led by Mr. Curtis has brought in more than $15 million in annual fees and commissions in recent years, these people say.

About one-third of the combined firm's 18,000 brokers got a one-time payment, structured as a multiyear loan that is forgiven if the broker stays put. Merrill Lynch & Co.'s top brokers received a similar award last year when **Bank of America** Corp. acquired the securities firm.

The retention awards and similar signing bonuses for brokers exceed $10 million in some cases across Wall Street, people familiar with the matter say. At most firms, the highest producers with retention deals also get smaller payments later on that are based on future or past asset growth or revenue. The retention payments are in addition to $3 million to $5 million that top-dog brokers earn yearly through fees and commissions.

Getting their cut

Commissions and fees in Morgan Stanley's wealth-management unit, versus pay, quarterly data



Note: Fees include asset management, distribution and administration. Joint brokerage venture with Citigroup was launched June 1, 2009

Source: Morgan Stanley

It adds up to a significant reversal in the typical pecking order of Wall Street pay. Last year, the most successful brokers far outearned the typical high rollers and even chief executives at their firms. Mr. Curtis's boss at Morgan Stanley, CEO John Mack, took no bonus in his last three years before retiring Dec. 31.

"It's like hitting the jackpot," says one broker who got a retention bonus, adding that anyone who left their firm before retention bonuses took off is "kicking themselves."

A spokesman for Morgan Stanley declined to comment on the pay of individual brokers. Through a company spokeswoman, Mr. Curtis declined to comment.

At Merrill, the payments made about a year ago approached $10 million for a handful of brokers, according to a person familiar with the firm. Top Merrill brokers were promised a one-time payment equal to 75% of certain fees and commissions in 2008, plus three smaller payments through 2012, if they remain at Merrill.

The payments reflect the appeal of brokerage operations, which churn out a usually reliable stream of profits and didn't blow up during the financial crisis as many trading desks and mortgage units did. Securities firms also feel vulnerable following recent defections by some star brokers.

Brokerage firms "have little choice but to throw money at these brokers," says Alois Pirker at consulting firm Aite Group LLC.

Some rivals, lawmakers and regulators aren't so sure. The U.S. Securities and Exchange Commission has been reviewing retention payments, though the agency has made no move to stop them.

In 2009, about 4,000 registered brokers at large firms moved to rivals, according to research firm Discovery. While defections have since slowed, payments as a percentage of broker revenue keep rising.

Fee regulations trip up India's mutual funds

Continued from page 15

nant U.S. fund market. Several big U.S. fund firms, including **Fidelity Investments**, **BlackRock** Inc., **Franklin Resources** Inc. and **J.P. Morgan Chase** & Co.'s J.P. Morgan Asset Management, have mutual-fund businesses in India directly and via joint ventures. **T. Rowe Price Group** Inc. recently became the single largest stakeholder in India's **UTI Asset Management** Co.

Winners from the switch are fixed-deposit accounts and whole-life insurance products that charge commissions under the old system.

"The whole business is shifting away from mutual funds to insurance," said U.K. Sinha, chairman and managing director of UTI Asset Management, India's fourth largest mutual-fund firm in terms of assets.

The average Indian investor—who had just started to wade into mutual-fund investments in the last five years—also apparently doesn't like being charged directly.

Seema Bellad, 70 years old, sold most of her 15 mutual funds late last year and placed her money in fixed-deposit accounts at her bank.

"We have had a very good return, and they say funds do better over the longer period," but fixed deposits seem like a better deal now, she said. "I would not be happy paying 2% [fees] on our money,"

—Arlene Chang in Mumbai contributed to this article.

MARKETS

RBS posts loss but sees better signs

Bad-loan charges may have peaked after jumping in '09; bank says it won't use U.K. insurance for toxic assets

By Sara Schaefer Muñoz And Patricia Kowsmann

LONDON—State-controlled **Royal Bank of Scotland Group** PLC reported a 2009 net loss of £3.61 billion ($5.56 billion) amid a leap in charges on bad loans, but signaled that the worst in bad-debt charges may be behind it.

In a surprise, the U.K. bank also said it now doesn't expect to use a government program to insure a pool of £282 billion in "toxic" assets. RBS agreed to participate in the program in November, after the bank and the government spent several painstaking months sorting through assets and categorizing bad loans.

Participation in the insurance plan required RBS to surrender an additional 14% stake to the U.K. government and to divest branches and businesses in response to European Union competition concerns.

RBS also confirmed that Chief Executive Stephen Hester waived his bonus for 2009. The move aims to deflect some criticism of the total of £1.3 billion RBS is paying its staff in 2009 awards, a person close to the matter said. Mr. Hester has said he wants to ensure that pay practices at RBS remain competitive.

Bloomberg News

RBS headquarters in London; the bank reported a $5.56 billion loss for 2009.

Bloomberg News

Stephen Hester waived his bonus.

Mr. Hester said Thursday the bank "has taken significant steps along the path to recovery....RBS is becoming safer and smaller more quickly then we expected."

RBS's £3.61 billion loss was an improvement over its net loss of £24.31 billion for 2008, the largest in U.K. corporate history.

The results heartened investors and sent the bank's share price up 6.2% Thursday on the London Stock Exchange.

The Edinburgh-based bank is 84%-owned by the U.K. government after a 2008 bailout and the additional capital injection last autumn that was associated with the insurance plan.

In 2009, RBS said it saw impairment charges on souring loans nearly double from a year earlier, to £13.9 billion. Yet the bank said there were signs in the fourth quarter that impairments had peaked. Impairment charges fell to £3.1 billion in the last three months of 2009 from £3.28 billion in the third quarter, the bank said.

However, RBS cautioned that "the financial circumstances of many consumers and businesses remain fragile."

Mr. Hester said he made progress in 2009 with his goal of shrinking the troubled bank's balance sheet, with his £500 billion reduction target now 70% complete. The major restructuring effort separates businesses into core and noncore. The bank is unwinding or selling the noncore pieces.

Joe Dickerson, an analyst at Execution Noble Ltd. in London, called RBS's results "relatively encouraging" and said the bank demonstrated more positive revenue trends in core lending businesses.

RBS's investment-banking unit helped buoy results, posting £5.7 billion in profits for 2009. This year's earnings also included a £2.15 billion gain on changes to the bank's pension plan.

Mr. Hester is the latest CEO of a U.K. bank to wave his bonus for 2009 in response to public and political anger over banker pay. Last week, Barclays PLC CEO John Varley and President Robert E. Diamond Jr. turned down their 2009 awards, and earlier this week **Lloyds Banking Group** PLC CEO Eric Daniels also waved his 2009 bonus.

Focus will now shift to how the executives at **HSBC Holdings** PLC will handle their 2009 payouts, when the bank reports its full-year results Monday.

In 3-2 vote, SEC limits short sales

By Fawn Johnson

WASHINGTON—The Securities and Exchange Commission narrowly approved curbs on short selling, addressing what some consider a cause of the 2008 financial crisis despite criticism that there was no evidence to support the move.

The commission voted 3-2 on party lines to make the curbs final, in another indication Chairman Mary Schapiro is having trouble gaining unanimity for her ambitious agenda to toughen the nation's securities rules.

In short selling, investors try to profit by borrowing shares and selling them. If the share price falls, the investors can buy the shares back at the lower price and pocket the difference. When financial stocks were diving during 2008, critics said speculators were abusing the tactic to artificially drive down the price of certain stocks.

Ms. Schapiro said she recognized that short selling can benefit the market but added: "We also are concerned that excessive downward price pressure on individual securities, accompanied by the fear of unconstrained short selling, can destabilize our markets and undermine investor confidence in our markets."

Her critics, including the two Republican commissioners, didn't buy it. The rule is "rooted in conjecture and too speculative," said Republican Commissioner Troy Paredes. Fellow Republican Kathleen Casey said the commission found no empirical evidence that short selling contributed to the market turmoil.

The rule applies to stocks that decline at least 10% in a single day. For such stocks, the SEC will allow short selling only if the price of the sale is above the highest bid price nationally. In other words, the short seller is blocked from dumping the shares at a cut-rate price.

The curbs will apply for the remainder of the day the stock falls 10% and the following trading day.

The rule is a variation of the "uptick rule," eliminated in 2007, in which investors could short a stock only after it rose, or ticked higher.

The SEC last year asked for comments on whether it was wise to restore an uptick rule and concluded it wasn't workable because lightning-fast computer-generated trades make it hard to pinpoint moments when a stock is ticking higher.

Some Wall Street firms and investor groups blasted the SEC's decision. "The lack of the uptick rule had nothing to do with the market collapse in 2008—it was bad policies all around that created that disaster," said Bill Fleckenstein, who ran a short-only hedge fund until he closed it in early 2009. "It's more monkeying with the system and doing things that address issues that have nothing to do with the underlying problem."

The SEC estimated the rule, which takes effect in six months, will cost the industry $1 billion to implement and another $1 billion annually.

Mike Long, partner at Short Alert Research, said the rule "is not going to mean much to most of the people who are shorting stocks for fundamental reasons," which defines most hedge funds and mainstream short sellers. Short sellers, he said, largely short a stock on strength and buy back the shares on weakness, so they aren't actively selling shares into a falling market—they are buying.

Madoff net reaches operations chief

By Chad Bray

NEW YORK—The long-time director of operations for convicted Ponzi schemer Bernard Madoff's defunct firm was arrested and charged criminally Thursday with allegedly directing that false accounting entries be made in the firm's books to conceal Mr. Madoff's fraud.

Prosecutors from the U.S. Attorney's Office in Manhattan charged Daniel Bonventre, former operations director at Bernard L. Madoff Investment Securities LLC, with conspiracy, securities fraud, falsifying books and records of a broker-dealer, false filings with the U.S. Securities and Exchange Commission and four counts of filing false federal-tax returns.

A lawyer for Mr. Bonventre declined to comment Thursday.

Mr. Bonventre, 63 years old, faces as much as 20 years in prison each on the fraud, falsifying-books-and-records and false-filings charges. He is the sixth person to be charged criminally in the case, including Mr. Madoff himself.

The SEC also separately brought civil accounting fraud charges against Mr. Bonventre, alleging he helped disguise Mr. Madoff's fraud and financial losses at the Madoff firm by misusing and improperly recording investor money to create the false appearance of legitimate income.

"As Bernard Madoff's director of operations, Daniel Bonventre allegedly authored the fraudulent books that for years effectively hid the doomed state of an investment firm founded in fraud," said Preet Bharara, the U.S. Attorney in Manhattan.

Prosecutors alleged that Mr. Bonventre directed that false entries be made in the firm's general ledger to conceal the scope of the firm's investment-advisory operations and to understate the firm's liabilities by billions of dollars.

Mr. Madoff, 71 years old, admitted in March 2009 to running a decades-long Ponzi scheme that bilked thousands of investors out of billions of dollars. He is serving a 150-year prison term.

In his plea statement, Mr. Madoff said the scheme was run through the firm's investment-advisory business and that its proprietary-trading and market-making operations were legitimate.

In their complaint against Mr. Bonventre, prosecutors alleged that from 1997 to 2008, more than $750 million of investor funds from the investment-advisory business were used to support the proprietary-trading and market-making operations.

According to the complaint, Mr. Madoff's firm experienced a liquidity crisis between November 2005 and June 2006 because demands for withdrawals by investment-advisory clients exceeded cash on hand.

Because the firm hadn't used client money to purchase securities for those clients in the first place, Mr. Bonventre allegedly was forced to request $145 million in loans from a bank to meet the firm's obligations, prosecutors said. About $154 million in bonds held in investment-advisory clients' accounts were used as collateral. Prosecutors didn't identify the bank.

During that period, the firm also drew down more than $340 million from its lines of credit to meet withdrawal requests, prosecutors said. Mr. Bonventre monitored those lines of credit they said.

He also allegedly created false records that disguised $262 million in payments to investment-advisory clients from the bank account that funded the firm's operations, prosecutors said. The payments were disguised as purchases of bonds and other debt instruments, they said.

Mr. Bonventre allegedly had his own investment-advisory account at the firm as far back as 1983. Between 2002 and 2006, he allegedly obtained more than $1.8 million in at least three fictitious backdated trades, prosecutors said.

The SEC separately alleged his profits from the fake trades were at least $1.9 million. Between 2005 and 2008, Mr. Bonventre also was paid an annual salary of more than $900,000, the SEC said.

He is charged criminally with filing false tax returns in 2003, in 2004, in 2006 and in 2007.

Florida money manager pleads guilty to fraud

By Amir Efrati And David Benoit

Arthur Nadel, a former Florida money manager who drew national attention when he disappeared last year amid scrutiny of his funds, pleaded guilty to running a Ponzi scheme that prosecutors say caused $162 million in investor losses.

The plea in federal court in Manhattan capped a saga that rocked Sarasota, Fla., home to many of Mr. Nadel's victims and his firm, **Scoop Management**.

Mr. Nadel, a former jazz pianist and a disbarred lawyer who once practiced in New York, went missing in January 2009 before a scheduled independent audit of his firm. He surrendered to authorities after criminal charges were filed in Manhattan that month. The 77-year-old has been in custody since then.

Japanese yields fall on month-end buys

By Megumi Fujikawa

TOKYO—Japanese government-bond yields fell on month-end buying to match changes in benchmark durations and on a weak domestic stock market.

BOND MARKETS

The benchmark 10-year yield fell 0.02 percentage point to 1.30%, its lowest level since Jan. 4.

Index-tracking investors typically buy bonds at the end of the month as the duration of the benchmark indexes are extended.

Analysts say yields could fall further until early March on buying ahead of a large volume of government bonds maturing next month. But after the market passes a period of tight supply around the first and second weeks of March, "it may become more sensitive to selling factors" due to the need for profit-taking at the start of the new fiscal year in April, said Chotaro Morita, chief strategist at Barclays Capital.

A smooth sale of two-year notes confirmed strong demand for domestic bonds.

The government sold 2.428 trillion yen ($26.92 billion) of 0.2% two-year bonds at the lowest price of 100.08, matching traders' expectations.

Yu planning to start China fund

By Rick Carew

HONG KONG—Frank Yu, a former managing director at U.S. hedge fund **Och-Ziff Capital Management Group** LLC, is seeking to raise as much as $500 million for a China-focused private-equity fund, according to people familiar with the situation.

Mr. Yu, 39 years old, is starting his own private-equity firm called **Themes Investment Partners**. The firm has completed its first round of fund raising and expects to start doing deals in the coming months in a broad range of sectors, according to a person familiar with the situation.

Even as global investors remain wary of private-equity and hedge funds, many view China's growth prospects as a priority area for deployment of capital. As a result, fund raising for new China funds has gained steam in recent months.

Themes Investment Partners intends to co-invest with its limited partners, the person said.

Before joining Och-Ziff in 2007, Mr. Yu was a managing director at Goldman Sachs Group Inc., where he specialized in sprucing up Chinese state-owned banks for foreign investors and initial public offerings.

Recovery concerns drive up Treasurys

By Min Zeng

NEW YORK—Treasury prices were higher Thursday as an unexpected rise in U.S. jobless claims and ongoing fiscal and debt woes in the euro zone raised concerns over the pace of a global economic recovery, increasing the allure of low-risk government debt.

U.S. CREDIT MARKETS

The Treasury sold $32 billion in seven-year notes at a 3.078% yield, versus 3.089% just before the auction. The bid-to-cover ratio was 2.98. The average for the last four seven-year note sales was 2.75. The sale wrapped up the week's $126 billion in offerings of government debt.

Treasury prices stayed up after the early-afternoon auction. The two-year note was up 3/32 to yield 0.824%. The 10-year note added 1/32 to yield 3.638%, and the 30-year bond gained 27/32, yielding 4.584%. Bond yields move inversely to prices.

The economic outlook has looked worse following recent data showing U.S. consumer confidence dropped to the worst in 10-months while new-home sales tumbled to a record low, supporting Federal Reserve Chairman Ben Bernanke's view that it is necessary to keep interest rates low to sustain an economic recovery.

Concern over several euro-zone member nations with high levels of debt, especially Greece, continued to hurt financial market sentiment. Analysts from two main rating companies threatened to cut the Greek government's credit ratings within a month.

Mr. Bernanke also weighed in during the second day of his testimony on the economy before the U.S. Congress.

He said the central bank would explore derivatives transactions that **Goldman Sachs Group** Inc. and other U.S. banks made with Greece amid concerns that they might have been used to help the government hide its debt.

FUND SCORECARD

Sector Equity Communications

Funds that invest primarily in the equities of telecommunications and media companies. At least 75% of total assets are invested in equities. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending February 25, 2010

Leading 10 Performers

FUND RATING *	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US ** YTD	1-YR	2-YR	5-YR
2	**KBC Equity Media Acc**	KBC Asset Management N.V.	EUR	Belgium	**-3.28**	64.63	-8.86	-3.41
2	**Top Profit Technology**	AG Insurance (Broker Channel)	EUR	Belgium	**-4.14**	63.84	-2.90	1.96
2	**JPMorgan (Taiwan) Glbl Communication**	JF Asset Management (Taiwan)	TWD	Taiwan Limited	**-4.70**	56.45	-6.07	-0.73
5	**Seligman Horizon US Comms Info A**	Seligman Global Horizon Funds	USD	Luxembrg	**-2.51**	50.92	1.88	6.78
3	**PF (LUX) Digital Communication P Cap**	Pictet Funds (Europe) S.A.	USD	Luxembrg	**-4.46**	50.62	-2.71	6.61
1	**Dexia Eqs B World Telecom C Acc**	Dexia Asset Management	EUR	Belgium	**-6.87**	48.98	-12.42	-1.97
3	**eQ Telecom 2 K**	eQ Rahastoyhtiö Oy	EUR	Finland	**-5.86**	45.07	-11.14	4.28
2	**UniSector: Multimedia A**	Union Investment Luxembourg S.A.	EUR	Luxembrg	**-5.11**	42.51	-10.61	0.34
3	**Invesco Global Telecom A**	Invesco Global Asset Management Limited	USD	Ireland	**-6.06**	41.30	-7.69	3.22
NS	**Fideuram USA Growth Equity**	Fideuram Gestions S.A.	EUR	Luxembrg	**-3.27**	40.16	-8.26	NS

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

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INTERNATIONAL INVESTMENT FUNDS [Search by company, category or country at asia.WSJ.com/funds]

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
AHW the relaxed way to invest									
■ AHW CAPITAL MANAGEMENT									
Tel (+49) 1805 - 23 82 82									
www.ahw-capital.com									
AHW Top-Div.Int.	GL	EQ	LUX	02/24	EUR	48.80	-10.7	37.8	-25.7
AllianceBernstein									
■ ALLIANCE BERNSTEIN									
www.alliancebernstein.com/investments Tel. +800 2263 8637									
Am Eq Blend A	OT	OT	LUX	02/24	USD	10.19	-1.7	43.9	-11.4
Am Eq Blend B	US	EQ	LUX	02/24	USD	9.55	-2.1	42.3	-12.3
Am Growth A	US	EQ	LUX	02/24	USD	30.10	-3.6	41.9	-1.7
Am Growth AX	US	EQ	LUX	02/24	USD	32.51	-3.6	42.7	-1.2
Am Growth B	US	EQ	LUX	02/24	USD	25.27	-3.8	40.5	-2.7
Am Growth C	US	EQ	LUX	02/24	USD	27.21	-3.7	41.3	-2.2
Am Growth I	US	EQ	LUX	02/24	USD	33.39	-3.6	43.1	-1.0
Am Income A	US	BD	LUX	02/24	USD	8.45	0.2	27.3	6.3
Am Income A2	US	BD	LUX	02/24	USD	19.25	1.1	27.7	6.5
Am Income A2	OT	OT	NA	02/24	HKD	149.48	1.1	27.7	6.5
Am Income AT	OT	OT	NA	02/24	HKD	65.69	1.1	27.7	6.5
Am Income AT	US	BD	LUX	02/24	USD	8.46	1.1	27.7	6.5
Am Income B	US	BD	LUX	02/24	USD	8.45	0.2	26.3	5.5
Am Income B2	US	BD	LUX	02/24	USD	16.58	1.0	27.0	5.8
Am Income B2	OT	OT	NA	02/24	HKD	128.75	1.0	27.0	5.8
Am Income BT	OT	OT	NA	02/24	HKD	66.08	0.6	26.4	5.6
Am Income BT	US	BD	LUX	02/24	USD	8.51	0.6	26.4	5.6
Am Income C	US	BD	LUX	02/24	USD	8.45	0.2	26.7	5.8
Am Income C2	US	BD	LUX	02/24	USD	24.66	1.1	27.2	6.0
Am Income I	US	BD	LUX	02/24	USD	8.45	0.2	28.0	6.9
Am Value A	US	EQ	LUX	02/24	USD	8.53	0.0	33.3	-10.3
Am Value B	US	EQ	LUX	02/24	USD	7.84	-0.1	32.0	-11.2
Am Value C	US	EQ	LUX	02/24	USD	8.53	0.0	32.9	-10.7
Am Value I	US	EQ	LUX	02/24	USD	9.20	0.2	34.5	-9.6
Emg Mkts Debt A	GL	BD	LUX	02/24	USD	15.49	-0.4	45.2	7.8
Emg Mkts Debt A2	GL	BD	LUX	02/24	USD	20.21	0.5	46.0	8.2
Emg Mkts Debt AT	GL	BD	LUX	02/24	USD	15.60	0.0	45.4	7.9
Emg Mkts Debt B	GL	BD	LUX	02/24	USD	15.49	-0.4	44.0	6.8
Emg Mkts Debt B2	GL	BD	LUX	02/24	USD	19.44	0.4	44.6	7.1
Emg Mkts Debt BT	GL	BD	LUX	02/24	USD	15.57	-0.1	44.0	6.9
Emg Mkts Debt C	GL	BD	LUX	02/24	USD	15.49	-0.4	44.7	7.4
Emg Mkts Debt C2	GL	BD	LUX	02/24	USD	19.85	0.5	45.4	7.7
Emg Mkts Debt I	GL	BD	LUX	02/24	USD	15.49	-0.4	45.9	8.4
Emg Mkts Growth A	GL	EQ	LUX	02/24	USD	32.31	-6.8	76.9	-13.9
Emg Mkts Growth B	GL	EQ	LUX	02/24	USD	27.34	-6.9	75.3	-14.7
Emg Mkts Growth C	GL	EQ	LUX	02/24	USD	27.99	-6.8	76.3	-14.3
Emg Mkts Growth I	GL	EQ	LUX	02/24	USD	35.86	-6.6	78.4	-13.2
Eur Growth A	OT	OT	LUX	02/24	USD	9.41	-1.1	34.4	-13.9
Eur Growth A	OT	OT	LUX	02/24	EUR	6.95	-1.1	34.4	-13.9
Eur Growth B	OT	OT	LUX	02/24	EUR	6.24	-1.3	33.0	-14.7
Eur Growth B	OT	OT	LUX	02/24	USD	8.45	-1.3	33.0	-14.7
Eur Growth C	EU	EQ	LUX	02/24	EUR	5.26	-1.3	33.8	-14.3
Eur Growth I	OT	OT	LUX	02/24	EUR	10.26	-1.2	35.4	-13.2
Eur Growth I	OT	OT	LUX	02/24	EUR	7.58	-1.2	35.4	-13.2
Eur Income A	OT	OT	LUX	02/24	EUR	6.69	1.4	45.0	6.6
Eur Income A	OT	OT	LUX	02/24	USD	9.05	1.4	45.0	6.6
Eur Income A2	OT	OT	LUX	02/24	EUR	13.17	2.3	45.5	6.9
Eur Income A2	OT	OT	LUX	02/24	USD	17.82	2.3	45.5	6.9
Eur Income AT	EU	BD	LUX	02/24	EUR	6.70	2.3	45.3	6.9
Eur Income B	OT	OT	LUX	02/24	EUR	6.69	1.4	44.2	5.9
Eur Income B	OT	OT	LUX	02/24	USD	9.05	1.4	44.2	5.9
Eur Income B2	OT	OT	LUX	02/24	EUR	12.23	2.2	44.4	6.1
Eur Income B2	OT	OT	LUX	02/24	USD	16.55	2.2	44.4	6.1
Eur Income BT	EU	BD	LUX	02/24	EUR	6.70	1.7	43.9	5.9
Eur Income C	OT	OT	LUX	02/24	EUR	6.69	1.4	44.5	6.2
Eur Income C	OT	OT	LUX	02/24	USD	9.05	1.4	44.5	6.2
Eur Income C2	OT	OT	LUX	02/24	USD	13.12	2.3	45.0	6.4
Eur Income C2	OT	OT	LUX	02/24	USD	17.76	2.3	45.0	6.4
Eur Income I	OT	OT	LUX	02/24	EUR	6.69	1.4	45.6	7.2
Eur Income I	OT	OT	LUX	02/24	USD	9.05	1.4	45.6	7.2
Eur Strat Value A	OT	OT	LUX	02/24	EUR	8.25	-3.3	38.9	-18.1
Eur Strat Value A	OT	OT	LUX	02/24	USD	11.17	-3.3	38.9	-18.1
Eur Strat Value I	OT	OT	LUX	02/24	EUR	8.45	-3.3	40.1	-17.4
Eur Strat Value I	OT	OT	LUX	02/24	USD	11.44	-3.3	40.1	-17.4
Eur Value A	OT	OT	LUX	02/24	EUR	8.86	-3.7	42.0	-14.6
Eur Value A	OT	OT	LUX	02/24	USD	11.99	-3.7	42.0	-14.6
Eur Value B	OT	OT	LUX	02/24	USD	11.02	-3.8	40.6	-15.4
Eur Value B	OT	OT	LUX	02/24	EUR	8.14	-3.8	40.6	-15.4
Eur Value C	OT	OT	LUX	02/24	USD	11.59	-3.7	41.5	-15.0
Eur Value C	OT	OT	LUX	02/24	EUR	8.56	-3.7	41.5	-15.0
Eur Value I	OT	OT	LUX	02/24	USD	13.87	-3.5	43.4	-13.9
Eur Value I	OT	OT	LUX	02/24	EUR	10.25	-3.5	43.4	-13.9
Gl Balanced (Euro) A	OT	OT	LUX	02/24	USD	15.46	-0.4	30.8	-8.8
Gl Balanced (Euro) B	OT	OT	LUX	02/24	USD	15.04	-0.5	29.5	-9.7
Gl Balanced (Euro) C	OT	OT	LUX	02/24	USD	15.33	-0.4	30.5	-9.0
Gl Balanced (Euro) I	OT	OT	LUX	02/24	USD	15.75	-0.3	NS	NS
Gl Balanced A	US	BA	LUX	02/24	USD	16.11	-2.2	34.6	-9.2
Gl Balanced B	US	BA	LUX	02/24	USD	15.29	-2.4	33.2	-10.1
Gl Balanced C	OT	OT	LUX	02/24	USD	15.86	-2.3	34.2	-9.5
Gl Balanced C	OT	OT	LUX	02/24	EUR	11.72	-2.3	34.2	-9.5
Gl Balanced I	US	BA	LUX	02/24	USD	16.72	-2.2	35.5	-8.6
Gl Bond A	US	BD	LUX	02/24	USD	9.35	1.2	16.0	5.1
Gl Bond A2	US	BD	LUX	02/24	USD	16.30	1.8	16.3	5.2
Gl Bond A2	OT	OT	NA	02/24	HKD	126.57	1.8	16.3	5.2
Gl Bond AT	OT	OT	LUX	02/24	HKD	72.68	1.5	16.0	5.0
Gl Bond AT	US	BD	LUX	02/24	USD	9.36	1.5	16.0	5.0
Gl Bond B	US	BD	LUX	02/24	USD	9.35	1.2	14.9	4.1
Gl Bond B2	US	BD	LUX	02/24	USD	14.26	1.7	15.3	4.2
Gl Bond B2	OT	OT	NA	02/24	HKD	110.73	1.7	15.3	4.2
Gl Bond BT	OT	OT	LUX	02/24	HKD	72.92	1.4	14.9	4.0
Gl Bond BT	US	BD	LUX	02/24	USD	9.39	1.4	14.9	4.0
Gl Bond C	US	BD	LUX	02/24	USD	9.35	1.2	15.5	4.6
Gl Bond C2	US	BD	LUX	02/24	USD	14.14	1.8	15.9	4.7
Gl Bond I	US	BD	LUX	02/24	USD	9.35	1.2	16.5	5.6
Gl Conservative A	US	BA	LUX	02/24	USD	14.79	-0.5	21.9	-3.2
Gl Conservative A2	US	BA	LUX	02/24	USD	16.84	-0.5	21.9	-3.1
Gl Conservative B	US	BA	LUX	02/24	USD	14.76	-0.7	20.7	-4.1
Gl Conservative B2	US	BA	LUX	02/24	USD	15.98	-0.7	20.7	-4.1
Gl Conservative C	US	BA	LUX	02/24	USD	14.77	-0.6	21.3	-3.6
Gl Conservative C2	US	BA	LUX	02/24	USD	16.46	-0.6	21.3	-3.6
Gl Conservative I	US	BA	LUX	02/24	USD	14.88	-0.4	23.0	-2.4
Gl Eq Blend A	GL	EQ	LUX	02/24	USD	11.08	-5.0	46.8	-19.2
Gl Eq Blend B	GL	EQ	LUX	02/24	USD	10.38	-5.2	45.2	-20.1
Gl Eq Blend C	GL	EQ	LUX	02/24	USD	10.87	-5.1	45.9	-19.6
Gl Eq Blend I	GL	EQ	LUX	02/24	USD	11.70	-4.9	47.9	-18.6
Gl Growth A	GL	EQ	LUX	02/24	USD	40.09	-4.3	41.7	-19.6
Gl Growth B	GL	EQ	LUX	02/24	USD	33.42	-4.5	40.3	-20.4
Gl Growth C	GL	EQ	LUX	02/24	USD	38.45	-4.4	41.0	-20.0
Gl Growth I	GL	EQ	LUX	02/24	USD	44.57	-4.2	42.9	-19.0
Gl High Yield A	US	BD	LUX	02/24	USD	4.34	0.2	61.1	6.2
Gl High Yield A2	US	BD	LUX	02/24	USD	9.39	1.4	61.9	6.5
Gl High Yield A2	OT	OT	NA	02/24	HKD	72.92	1.4	61.9	6.5
Gl High Yield AT	OT	OT	NA	02/24	HKD	33.55	1.6	61.9	6.5
Gl High Yield AT	US	BD	LUX	02/24	USD	4.32	1.6	61.9	6.5
Gl High Yield B	US	BD	LUX	02/24	USD	4.34	0.2	59.2	5.0
Gl High Yield B2	US	BD	LUX	02/24	USD	15.07	1.3	60.3	5.5
Gl High Yield B2	OT	OT	NA	02/24	HKD	117.02	1.3	60.3	5.5
Gl High Yield BT	OT	OT	NA	02/24	HKD	34.09	0.7	59.4	5.2
Gl High Yield BT	US	BD	LUX	02/24	USD	4.39	0.7	59.4	5.2
Gl High Yield C	US	BD	LUX	02/24	USD	4.34	0.2	60.3	5.7
Gl High Yield C2	US	BD	LUX	02/24	USD	13.91	1.4	61.2	6.0
Gl High Yield I	US	BD	LUX	02/24	USD	4.34	0.2	62.1	6.9
Gl Thematic Res. A	OT	OT	LUX	02/24	USD	14.15	-3.9	76.7	-2.2
Gl Thematic Res. B	OT	OT	LUX	02/24	USD	12.36	-4.1	74.8	-3.2
Gl Thematic Res. I	OT	OT	LUX	02/24	USD	15.80	-3.8	78.1	-1.4
Gl Value A	GL	EQ	LUX	02/24	USD	10.51	-5.7	52.1	-18.9
Gl Value B	GL	EQ	LUX	02/24	USD	9.64	-5.9	50.6	-19.7
Gl Value C	GL	EQ	LUX	02/24	USD	10.21	-5.7	51.5	-19.2
Gl Value I	GL	EQ	LUX	02/24	USD	11.19	-5.6	53.3	-18.2
Greater China A	AS	EQ	LUX	02/24	USD	37.41	-6.5	55.0	-12.8
Greater China B	AS	EQ	LUX	02/24	USD	33.06	-6.7	53.5	-13.7
Greater China C	AS	EQ	LUX	02/24	USD	36.92	-6.6	54.3	-13.2
India Growth A	OT	OT	LUX	02/24	USD	121.05	-4.6	NS	NS
India Growth AX	OT	OT	LUX	02/24	USD	105.85	-4.6	94.6	-5.1
India Growth B	OT	OT	LUX	02/24	USD	126.62	-4.8	NS	NS
India Growth BX	OT	OT	LUX	02/24	USD	90.34	-4.7	92.6	-6.0
India Growth I	EA	EQ	LUX	02/24	USD	109.78	-4.5	95.5	-4.7
Int'l Health Care A	OT	EQ	LUX	02/24	USD	138.14	0.5	21.7	-5.3
Int'l Health Care B	OT	EQ	LUX	02/24	USD	116.34	0.3	20.4	-6.2
Int'l Health Care C	OT	EQ	LUX	02/24	USD	132.30	0.4	21.1	-5.7
Int'l Health Care I	OT	EQ	LUX	02/24	USD	151.11	0.6	22.6	-4.5
Int'l Technology A	OT	EQ	LUX	02/24	USD	105.35	-4.5	58.9	-5.7
Int'l Technology B	OT	EQ	LUX	02/24	USD	91.15	-4.7	57.3	-6.6
Int'l Technology C	OT	EQ	LUX	02/24	USD	101.74	-4.6	58.2	-6.1
Int'l Technology I	OT	EQ	LUX	02/24	USD	118.27	-4.4	60.2	-4.9
Japan Eq Blend A	JP	EQ	LUX	02/24	JPY	5880.00	-2.4	28.9	-19.4
Japan Eq Blend B	JP	EQ	LUX	02/24	JPY	5665.00	-2.5	27.7	-20.3
Japan Eq Blend C	JP	EQ	LUX	02/24	JPY	5782.00	-2.4	28.4	-19.8
Japan Growth A	JP	EQ	LUX	02/24	JPY	5593.00	-4.8	17.0	-20.7
Japan Growth B	JP	EQ	LUX	02/24	JPY	5389.00	-4.9	15.8	-21.5
Japan Growth C	JP	EQ	LUX	02/24	JPY	5500.00	-4.8	16.4	-21.1
Japan Strat Value A	JP	EQ	LUX	02/24	JPY	6134.00	0.2	41.5	-18.5
Japan Strat Value B	JP	EQ	LUX	02/24	JPY	5916.00	0.1	40.1	-19.3
Japan Strat Value C	JP	EQ	LUX	02/24	JPY	6026.00	0.1	40.8	-18.9
Real Estate Sec. A	OT	EQ	LUX	02/24	USD	13.85	-3.5	70.1	-13.4
Real Estate Sec. B	OT	EQ	LUX	02/24	USD	12.64	-3.7	68.5	-14.3
Real Estate Sec. I	OT	EQ	LUX	02/24	USD	14.90	-3.4	71.7	-12.7
Short Mat Dollar A	US	BD	LUX	02/24	USD	7.27	0.0	14.2	-4.4
Short Mat Dollar A2	US	BD	LUX	02/24	USD	9.85	0.6	14.5	-4.3
Short Mat Dollar AT	US	BD	LUX	02/24	USD	7.28	0.4	14.4	-4.4
Short Mat Dollar B	US	BD	LUX	02/24	USD	7.27	0.0	13.7	-4.8
Short Mat Dollar B2	US	BD	LUX	02/24	USD	9.80	0.6	14.1	-4.7
Short Mat Dollar BT	OT	OT	LUX	02/24	USD	7.29	0.3	NS	-5.1
Short Mat Dollar C	US	BD	LUX	02/24	USD	7.27	0.0	13.7	-4.8
Short Mat Dollar C2	US	BD	LUX	02/24	USD	13.86	0.7	14.1	-4.6
Short Mat Dollar I	US	BD	LUX	02/24	USD	7.27	0.0	14.7	-3.8

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
■ ALEXANDRA INVESTMENT MANAGEMENT									
Tel: +1 212 301 1800 Fax: +1 212 301 1810									
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	01/29	USD	1778.08	5.1	80.4	NS
CREDIT PACIFIC Private Banking & Wealth Management Group									
■ CREDIT PACIFIC ASSET MANAGMENT									
www.creditpacific.com									
CPS-Master Priv Fund	GL	OT	WSM	02/24	USD	100.96	1.0	22.7	19.7
PLATINUM CAPITAL MANAGEMENT									
■ PLATINUM CAPITAL MANAGEMENT									
Tel: +44 207 024 9840, www.platinumfunds.net									
Platinm-All Star	OT	OT	CYM	12/31	USD	97.22	15.7	15.7	-12.2
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	12/31	USD	116.00	12.9	12.9	-29.1
Platinm-Emancipation	OT	OT	USA	12/31	USD	93.12	24.4	24.4	-8.6
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	12/31	USD	62.80	37.2	37.2	-26.9
Platinm-Nordic	OT	OT	CYM	12/31	SEK	617.36	13.2	13.2	-16.2
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	12/31	USD	60.07	NS	NS	-29.4
SUPERFUND									
■ SUPERFUND ASSET MANAGEMENT GMBH									
For info about open funds, contact info@superfund.com and www.superfund.com									
**Closed for New Investments*									
Superfund Cayman*	OT	OT	CYM	02/23	USD	33.86	-17.0	-61.4	-18.7
Superfund GCT USD*	GL	EQ	LUX	02/23	USD	1889.00	-13.9	-49.8	-14.0
Superfund Green Gold A (SPC)	OT	OT	CYM	02/23	USD	874.86	-9.3	-32.8	-5.7
Superfund Green Gold B (SPC)	OT	OT	CYM	02/23	USD	802.57	-14.2	-47.6	-13.2
Superfund Q-AG*	OT	OT	AUT	02/23	EUR	6013.00	-9.2	-32.4	-5.4
■ WINTON CAPITAL MANAGEMENT LTD									
Tel: +44 (0)20 7610 5350 Fax: +44 (0)20 7610 5301									
Winton Evolution EUR Cls H	OT	OT	CYM	12/31	EUR	945.08	NS	NS	NS
Winton Evolution GBP Cls G	OT	OT	CYM	12/31	GBP	949.08	NS	NS	NS
Winton Evolution USD Cls F	OT	OT	CYM	12/31	USD	1199.12	-5.4	-5.4	2.0
Winton Futures EUR Cls C	OT	OT	VGB	01/29	EUR	191.46	-2.7	-8.1	4.3
Winton Futures GBP Cls D	OT	OT	VGB	01/29	GBP	207.19	-2.7	-7.6	5.2
Winton Futures JPY Cls E	OT	OT	VGB	01/29	JPY	13526.58	-2.6	-9.3	2.0
Winton Futures USD Cls B	OT	OT	VGB	01/29	USD	680.91	-2.6	-8.1	4.0
Allianz Global Investors									
■ ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT									
Concentra AE	EU	EQ	DEU	02/25	EUR	49.31	-5.5	51.8	-8.1
Industria AE	EU	EQ	DEU	02/25	EUR	71.09	-0.6	41.5	-12.8
InternRent AE	EU	BD	DEU	02/25	EUR	37.74	7.2	6.6	12.0
■ CHARTERED ASSET MANAGEMENT PTE LTD - TEL NO: 65-6835-8866									
Fax No: 65-6835 8865, Website: www.cam.com.sg, Email: cam@cam.com.sg									
CAM-GTF Limited	AS	EQ	MUS	02/19	USD	285882.54	4.1	115.1	10.7

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THE INTERNATIONAL INVESTOR

U.S. stocks tumble on growth concerns

By Kristina Peterson

An unexpected jump in weekly jobless claims revived worries about the U.S. economy and dragged down stocks.

The Dow Jones Industrial Average was down 163.32 points, or 1.6%, at 10210.84 in midday trade, as all of its components traded in the red. The losses put the average on pace for the fourth triple-digit point decline this month and the worst one-day drop since a 268-point slide on Feb. 4.

ABREAST OF THE MARKET

The worst performing component was **Coca-Cola**, which sank 4.3% after agreeing to buy most of its largest bottler, **Coca-Cola Enterprises**, in a deal with an estimated value of $12 billion to $13 billion. Shares of the bottler surged 33%.

Industrial machinery stocks slipped as investors fled the cyclical stocks tied closest to the economy's performance. **Caterpillar** shed 2.3%, while industrial crane maker **Terex**, which isn't a Dow component, fell 3.1%.

J.P. Morgan Chase's slide steepened after its investment-banking chief said the bank expects a return on equity of 17% this year, down from 21% last year. The shares fell 2.2%.

The Nasdaq Composite Index slid 1.4% to 2204.09, while the Standard & Poor's 500-stock index fell 1.4% to 1089.68.

Investors said a jump in jobless claims undermined last month's slight paring in the unemployment rate. The four-week average of claims, viewed as a more dependable barometer of the job market than volatile week-to-week readings, also rose, shaking investors.

Palm tumbled 13% after the company acknowledged its new smart phones aren't selling as well as hoped, which will leave its revenue for the year "well below" what the struggling company had forecast.

European stocks

Shares fell, as worries about the health of the Greek economy offset earnings-related advances by **BASF** and **Royal Bank of Scotland Group**.

The pan-European Dow Jones Stoxx 600 index shed 1.6% to 243.29, the third loss in the past four sessions.

Greece's ASE Composite index fell 2.8% to 1872.53. The U.K. FTSE 100 index fell 1.2% to 5278.23, the German DAX index slumped 1.5% to 5532.33 and the French CAC-40 index fell 2% to 3640.77.

Royal Bank of Scotland jumped 6.2% after its fourth-quarter net loss narrowed and it said impairments now appear likely to have peaked.

German chemicals concern BASF advanced 1.1%. It forecast revenue and profit growth in 2010 after swinging to a better-than-expected net profit in the fourth quarter.

Euro tumbles below $1.35 on risk exodus

By Fabio Alves

The euro plunged against major currencies, sinking to a 12-month low against the yen, as investor demand for risk dried up amid revived concerns over Greece's sovereign debt and disappointing U.S. economic data.

The euro slumped against the dollar, falling well below the key $1.35 level, in a selloff triggered overnight when Moody's Investors Service reaffirmed Greece's A2 debt rating may be cut if the Greek government doesn't act forcefully to cut its ballooning deficit.

CURRENCY MARKETS

It followed a similar warning a day earlier from Standard & Poor's Corp.

Demand for the dollar and yen then surged in the wake of worse-than-expected U.S. weekly jobless-claims data, fueling concerns about the pace of economic recovery.

The euro hit an intraday low against the yen after the data, falling more than 1.5% to 119.68 yen, the lowest level since February 2009.

In midday trading Thursday in New York, the euro was at $1.3475 from $1.3534 late Wednesday. The dollar was at 88.90 yen from 90.19 yen, while the euro was at 119.80 yen from 122.06 yen. The U.K. pound was at $1.5194 from $1.5398. The dollar was at 1.0858 Swiss fancs from 1.0810 francs.

Exporters fall in Tokyo; developers lift Shanghai

By V. Phani Kumar and Shri Navaratnam

HONG KONG—A rising yen added to the pressure on exporters in Tokyo as Asian markets ended mostly lower Thursday, with stocks weighed down by concerns that Greek debt may be downgraded.

Japan's Nikkei Stock Average of 225 companies fell 1% to 10101.96, Hong Kong's Hang Seng Index slipped 0.3% to 20399.57 and South Korea's Kospi slid 1.6% to 1587.51. Meanwhile, China's Shanghai Composite rose 1.3% to 3060.62.

ASIAN-PACIFIC STOCKS

The broad decline came despite assurances by the U.S. Federal Reserve chairman that interest rates will stay low for a while, which had sent stocks on Wall Street higher Wednesday. Ben Bernanke's words were outweighed by a warning Wednesday that Standard & Poor's could downgrade Greece to a level close to junk within a month, with worries compounded by news about the wide impact of a general strike in that country over the government's proposed austerity measures. The Greek news also fueled a selloff in the euro against other major currencies.

In Tokyo, the Nikkei turned down after pushing up in early trade as dealers said a rising yen was causing some jitters. **Sony** slid 2.1%, **Honda Motor** gave up 1.1% and **Nissan Motor** shed 1.7%.

Toyota Motor dropped 0.2%, but outperformed the market, after the auto maker's president, Akio Toyoda, appeared before U.S. lawmakers Wednesday, formally apologizing for the spate of defects and vowing to rebuild the company's tarnished reputation.

South Korean shares reversed an early rise and fell sharply on selling by foreign investors. Korea's January current-account deficit, the first in 12 months—due to higher energy imports and a wider travel-account deficit—also weighed on sentiment.

Samsung Electronics fell 2.1%, while **Woori Finance Holdings** sank 3.7%, despite news of a planned stake sale. State-run Korea Deposit Insurance Corp. has named four lead managers to handle the sale of around 7% of Woori Finance via a block trade, two people familiar with the matter said earlier Thursday.

Hyundai Motor ended flat in the weak market after suffering losses during the previous session following the auto maker's voluntary recall of some cars in the U.S. to fix a faulty door latch.

Chinese shares were led higher by gains for property developers and banks after the state-run China Securities Journal reported that regulators may resume approvals for equity fund raising by listed developers soon.

China Vanke climbed 2.7% in Shenzhen, while **Poly Real Estate Group** gained 3.1% and **Shanghai Pudong Development Bank** surged 5.5% in Shanghai.

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GAM

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	02/12	USD	1286.73	3.5	25.3	-6.1
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	02/22	JPY	13876.22	-10.7	54.2	-0.2
GAM Asia Equity Hedge US	OT	OT	VGB	02/22	USD	259.33	-10.7	58.9	1.1
GAM Asia Equity USD	OT	OT	VGB	02/24	USD	610.70	-6.6	71.5	-10.5
GAM Asia-Pacific Eq USD	OT	OT	VGB	02/23	USD	1286.20	0.3	37.4	-12.3
GAM Com Glb Bal EUR Op	US	BA	VGB	02/15	EUR	95.23	-1.7	15.1	-7.0
GAM Com Glb Bal USD Op	US	BA	VGB	02/15	USD	125.64	-1.7	15.1	-7.0
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	02/15	EUR	96.36	-4.2	21.3	-12.7
GAM Comp Glb Eq USD Op	GL	EQ	VGB	02/15	USD	122.14	-4.2	21.3	-12.7
GAM Comp Glb Gr EUR Op	US	BA	VGB	02/15	EUR	85.89	-3.1	15.3	-10.4
GAM Comp Glb Gr USD Op	US	BA	VGB	02/15	USD	123.12	-3.1	15.3	-10.4
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	02/19	USD	244.55	-1.6	39.9	-7.6
GAM Cross Trading Inc	OT	OT	VGB	02/15	USD	462.48	-0.7	4.5	NS
GAM Diversity CHF Op	OT	OT	VGB	02/15	CHF	93.89	-0.4	3.4	-6.1
GAM Diversity EUR Op	OT	OT	VGB	02/15	EUR	645.98	-0.4	4.0	-4.6
GAM Diversity USD 2.5XL	OT	OT	VGB	02/15	USD	77.37	-1.2	7.5	-18.1
GAM Diversity USD Op	OT	OT	VGB	02/15	USD	678.55	-0.4	4.2	-5.4
GAM Dvrsty II CHF Op	OT	OT	VGB	02/15	CHF	99.05	-0.5	2.8	-6.0
GAM Dvrsty II EUR Op	OT	OT	VGB	02/15	EUR	138.21	-0.4	3.2	-4.7
GAM Dvrsty II USD Op	OT	OT	VGB	02/15	USD	209.36	-0.4	3.4	-5.3
GAM DvrstyIII EUR Op	OT	OT	VGB	02/15	EUR	115.07	-0.4	3.1	-4.9
GAM DvrstyIII USD Op	OT	OT	VGB	02/15	USD	121.52	-0.4	3.4	-5.0
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	02/22	EUR	219.31	0.2	14.1	-2.5
GAM Euro Eq Hdg USD Op	OT	OT	VGB	02/22	USD	203.55	0.1	12.2	-1.0
GAM European Equity USD	OT	OT	VGB	02/23	USD	269.26	-8.2	40.2	-12.6
GAM GAMCO	OT	EQ	VGB	02/16	USD	797.81	-1.6	47.5	-8.3
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	02/22	EUR	97.26	-0.6	11.7	-15.8
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	02/22	USD	102.72	-0.4	12.4	-15.0
GAM Gbl Divers USD Inc.	GL	EQ	VGB	02/22	USD	249.73	0.0	36.1	-5.0
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	02/22	USD	255.01	-11.1	84.1	18.8
GAM Intrst Trend II	GL	BD	VGB	02/22	USD	104.27	10.8	71.8	-2.8
GAM Intrst Trend Inc	OT	OT	VGB	02/22	USD	277.96	10.5	86.5	-1.2
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	02/22	EUR	122.73	5.2	16.1	-1.2
GAM Japan Eq Hdg USD Op	OT	OT	VGB	02/22	USD	126.17	3.4	20.1	-14.8
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	02/22	JPY	8688.67	3.4	27.1	-13.7
GAM Japan USD	JP	EQ	VGB	02/24	USD	1121.64	1.7	38.7	-12.2
GAM Japan YEN	JP	EQ	VGB	02/24	JPY	8864.38	0.4	34.8	-18.0
GAM Money Mkt EuroOp	EU	MM	VGB	02/23	EUR	51.16	0.1	0.2	1.4
GAM Money Mkt USD	US	MM	VGB	02/23	USD	100.03	0.1	0.0	0.6
GAM Multi-Arb EUR Op	OT	OT	VGB	02/15	EUR	112.39	1.1	1.0	-8.2
GAM Multi-Arb USD Op	OT	OT	VGB	02/15	USD	117.26	1.0	1.2	-8.6
GAM Multi-China EUR Op	OT	OT	VGB	02/15	EUR	160.39	-4.5	6.9	-6.1
GAM Multi-China USD Op	OT	OT	VGB	02/15	USD	169.03	-4.3	7.8	-6.7
GAM Multi-Emer Mkts GBP	OT	OT	VGB	02/15	GBP	128.79	-2.1	22.9	-0.6
GAM Multi-Emer Mkts USD	OT	OT	VGB	02/15	USD	637.69	-2.0	23.0	-1.0
GAM Multi-Eur EUR Op	OT	OT	VGB	02/15	EUR	264.04	-1.8	3.8	-7.2
GAM Multi-Eur II EUR Op	OT	OT	VGB	02/15	EUR	135.86	-1.8	3.8	-7.2
GAM Multi-Eur II USD Op	OT	OT	VGB	02/15	USD	111.13	-1.7	3.7	-8.2
GAM Multi-Eur USD Op	OT	OT	VGB	02/15	USD	459.59	-1.7	3.7	-8.1
GAM Multi-Nth Am EUR Special	OT	OT	VGB	02/15	EUR	133.73	-0.2	8.6	-1.8
GAM Multi-Nth Am USD Special	OT	OT	VGB	02/15	USD	217.57	-0.3	8.9	-2.0
GAM Multi-Pac EUR Op	GL	EQ	VGB	02/15	EUR	139.69	-2.6	1.4	-3.1
GAM Multi-Pac USD Op	OT	OT	VGB	02/15	USD	161.37	-2.4	1.8	-3.4
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	02/12	USD	2650.31	0.5	55.3	11.2
GAM Sing/Malaysia	AS	EQ	VGB	02/24	USD	2419.18	-4.2	63.0	-8.7
GAM Sterling Spe Bd Inc	OT	OT	VGB	02/22	GBP	237.78	3.4	47.5	6.4
GAM Trading EUR Inc	OT	OT	VGB	02/15	EUR	322.64	-0.8	4.1	4.3
GAM Trading USD Inc	OT	OT	VGB	02/15	USD	966.04	-0.7	4.5	3.6
GAM Trdg II IncEUR Op	OT	OT	VGB	02/15	EUR	138.01	-0.8	4.0	4.2
GAM Trdg II IncUSD Op	OT	OT	VGB	02/15	USD	313.68	-0.7	4.5	3.6
GAM Trdg IV IncEUR Op	OT	OT	VGB	02/15	EUR	145.60	-0.8	3.8	3.9
GAM Trdg IV IncUSD Op	OT	OT	VGB	02/15	USD	153.35	-0.8	4.3	3.5
GAM Trdg V IncEUR Op	OT	OT	VGB	02/15	EUR	123.43	-0.8	3.8	3.8
GAM Trdg V IncUSD Op	OT	OT	VGB	02/15	USD	128.66	-0.7	4.3	3.4
GAM TrdgIII IncEUR Op	OT	OT	VGB	02/15	EUR	155.67	-0.9	3.9	3.9
GAM TrdgIII IncUSD Op	OT	OT	VGB	02/15	USD	161.30	-0.7	4.3	3.5
GAM USDSpecBondInc	US	BD	VGB	02/22	USD	558.30	5.3	89.2	10.2
GAM Worldwide	GL	EQ	VGB	02/23	USD	2098.34	-5.7	44.1	-9.8
GAMut Investments	OT	OT	VGB	02/17	USD	7645.54	0.9	2.2	7.0

■ GAM Star Fund Plc

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	02/24	CHF	10.74	-2.7	56.3	-10.8
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	02/24	EUR	11.76	-1.3	62.0	-5.6
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	02/24	GBP	1.53	-2.1	60.5	1.9
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	02/24	USD	12.51	-6.8	70.8	-9.6
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	02/23	EUR	105.84	4.6	36.5	-7.1
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	02/23	EUR	102.43	4.6	36.5	-7.1
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	02/23	EUR	10.67	-3.0	35.1	-6.2
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	02/24	EUR	178.85	-2.3	35.6	-8.5
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	02/24	EUR	163.42	-2.3	35.6	-8.5
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	02/24	USD	14.76	-7.7	42.8	-12.3
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	02/24	USD	13.39	-7.7	42.7	-12.3
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	02/23	USD	5.56	1.4	41.4	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	02/23	EUR	93.57	6.4	31.4	-6.0
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	02/23	EUR	93.57	6.4	31.4	-6.0
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	02/23	JPY	937.85	1.8	34.8	-17.1
GAMStar-JpnEq USD Acc	JP	EQ	IRL	02/23	USD	11.46	3.1	35.9	-11.5
GAMStar-World EqUSD Acc	GL	EQ	IRL	02/23	USD	2113.08	-5.6	45.0	-9.3

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
American Growth	US	EQ	LUX	02/25	USD	14.97	-2.0	39.5	-10.0
American Growth AA	US	EQ	LUX	02/25	USD	0.86	-2.0	39.1	-7.2
Asian Equity	AS	EQ	LUX	02/25	USD	2.28	-7.0	70.7	-9.7
Asian Equity AA	AS	EQ	LUX	02/25	USD	0.73	-7.0	70.0	-10.0
Asian Sm Cap Equity AA	AS	EQ	LUX	02/25	USD	1.13	-3.1	100.8	-2.3
China Value A	AS	EQ	LUX	02/25	USD	6.52	-8.3	59.6	-5.5
China Value AA	AS	EQ	LUX	02/25	USD	2.05	-8.3	59.2	-5.7
Dragon Growth	AS	EQ	LUX	02/25	USD	1.53	-7.1	61.2	-6.9
Dragon Growth AA	OT	OT	LUX	02/25	HKD	7.43	-7.0	61.1	-7.8
Emg Eastrn Europe A	EU	EQ	LUX	02/25	USD	4.37	-5.1	120.8	-17.3
Emg Eastrn Europe AA	EU	EQ	LUX	02/25	USD	1.88	-4.8	129.1	-17.1
European Growth	EU	EQ	LUX	02/25	USD	8.43	-7.9	60.7	-17.1
European Growth AA	EU	EQ	LUX	02/25	USD	0.60	-7.9	60.3	-17.3
Global Contrarain AA	GL	EQ	LUX	02/25	USD	0.91	2.6	120.0	NS
Global Property AA	OT	EQ	LUX	02/25	USD	0.66	-3.4	87.4	-12.3
Global Resources AA	OT	EQ	LUX	02/25	USD	1.01	-6.0	48.9	-16.5
Healthcare AA	OT	EQ	LUX	02/25	USD	0.94	-0.1	19.4	NS
India Equity AA	EA	EQ	LUX	02/25	USD	1.01	-7.6	82.8	-13.4
International Growth	GL	EQ	LUX	02/25	USD	2.94	-3.5	36.9	-14.3
International Growth AA	GL	EQ	LUX	02/25	USD	0.68	-3.6	36.5	-14.5
Japanese Growth	JP	EQ	LUX	02/25	USD	2.75	-0.2	32.5	-11.7
Japanese Growth AA	JP	EQ	LUX	02/25	USD	0.72	0.4	33.0	-11.6
Latin America Equity AA	GL	EQ	LUX	02/25	USD	1.20	-6.7	104.7	-7.9
Manulife GF Strategic Income Fund AA	OT	OT	NA	02/25	USD	1.02	1.0	NS	NS
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	02/25	USD	1.10	-2.5	NS	NS
Russia Equity AA	EE	EQ	LUX	02/25	USD	0.65	4.2	152.7	-20.8
Taiwan Equity AA	AS	EQ	LUX	02/24	USD	0.98	-9.4	84.6	-3.0
Turkey Equity AA	EE	EQ	LUX	02/24	USD	0.72	-6.7	136.4	-7.6
U.S. Bond AA	US	BD	LUX	02/25	USD	1.13	1.8	18.8	8.4
U.S. Sm Cap Equity AA	US	EQ	LUX	02/25	USD	0.86	4.9	89.5	-7.0
U.S. Special Opportunities	OT	OT	LUX	02/25	USD	0.87	7.7	106.8	7.3
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	02/25	USD	1.14	0.1	8.2	1.9

■ PT CIPTADANA ASSET MANAGEMENT
Tel: +62 21 25574 883 Fax: +62 21 25574 893 Website: www.ciptadana.com

Indonesian Grth Fund	EA	EQ	CYM	02/17	USD	130.72	2.6	136.6	-0.2

Sensible Asset Management
A Value Partners Group company

■ SENSIBLE ASSET MANAGEMENT LIMITED
www.samfund.com.hk Tel: (852) 2868 6848 Fax: (852) 2810 9948

Asia Value Formula Fd-B	AS	EQ	CYM	02/24	USD	7.81	-2.6	101.8	-3.6

SOCIETE GENERALE Asset Management

■ SG ASSET MANAGEMENT (HK) LTD
Hotline in Hong Kong 2166 5099
A company of Amundi Group
www.sgam.com

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Bonds Eur Hi Yld A	OT	OT	LUX	02/23	EUR	21.15	2.7	53.7	5.2
Bonds EURO A	OT	OT	LUX	02/23	EUR	41.52	1.2	5.0	4.9
Bonds EUROPE A	OT	OT	LUX	02/24	EUR	39.57	1.1	3.3	4.4
Bonds US OppsCoreplus A	OT	OT	LUX	02/23	USD	37.33	1.2	15.0	8.4
Bonds World A	OT	OT	LUX	02/23	USD	41.45	-1.3	10.1	3.8
Eq. AsiaPac Dual Strategies A	OT	OT	LUX	02/24	USD	9.75	-6.4	74.7	-9.6
Eq. China A	AS	EQ	LUX	02/24	USD	21.77	-9.8	60.8	-10.9
Eq. Concentrated Euroland A	OT	OT	LUX	02/24	EUR	87.61	-5.9	30.5	-16.0
Eq. ConcentratedEuropeA	EU	EQ	LUX	02/23	EUR	25.91	-4.1	41.8	-14.3
Eq. Emerging Europe A	OT	OT	LUX	02/23	EUR	24.04	2.1	112.8	-21.5
Eq. Euroland A	EU	EQ	LUX	02/24	EUR	10.21	-5.7	33.8	-16.5
Eq. Euroland Small Cap A	OT	OT	LUX	02/24	EUR	138.71	-1.3	47.3	-8.1
Eq. EurolandCyclclsA	EU	EQ	LUX	02/24	EUR	17.46	-2.0	40.9	-11.7
Eq. EurolandFinancialA	OT	EQ	LUX	02/24	EUR	10.12	-10.5	70.3	-19.2
Eq. Glbl Emg Cty A	GL	EQ	LUX	02/24	USD	8.72	-9.7	64.7	-16.8
Eq. Global A	GL	EQ	LUX	02/23	USD	27.10	-2.7	52.5	-10.8
Eq. Global Energy A	OT	OT	LUX	02/23	USD	17.19	-5.2	38.5	-15.6
Eq. Global Resources A	OT	OT	LUX	02/23	USD	102.69	-6.0	51.0	-15.1
Eq. Gold Mines A	OT	OT	LUX	02/24	USD	27.71	-7.5	27.2	-8.1
Eq. India A	OT	OT	LUX	02/24	USD	121.21	-7.3	82.6	-13.6
Eq. Japan CoreAlpha A	OT	OT	LUX	02/24	JPY	7396.29	2.0	44.2	-7.8
Eq. Latin America A	OT	OT	LUX	02/23	USD	107.79	-7.3	91.1	-13.6
Eq. US Lg Cap Gr A	US	EQ	LUX	02/24	USD	14.72	-3.8	45.1	-10.6
Eq. US Rel Val A	US	EQ	LUX	02/23	USD	20.18	-2.0	58.5	-12.6
Eq, US Sm Cap Val A	US	EQ	LUX	02/24	USD	15.96	-0.2	54.1	-14.9
Money Market EURO A	EU	MM	LUX	02/24	EUR	27.41	0.0	0.7	2.4
Money Market USD A	US	MM	LUX	02/24	USD	15.83	0.0	0.3	1.4

المستثمر الوطني The National Investor

■ THE NATIONAL INVESTOR
TNI Tower | Zayed 1st Street Khalidia| Web:www.tni.ae

TNI Mena Real Estate Fund	OT	OT	BMU	02/18	USD	909.36	-5.4	5.1	-29.8
TNI MENA Special Sits Fund	OT	OT	BMU	01/31	USD	1091.50	1.1	13.6	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	02/18	AED	4.89	-8.3	17.1	-35.5

Value Partners
Investing through discipline

■ WEBSITE: WWW.VALUEPARTNERS.COM.HK, TEL: (852) 2880 9263, FAX: (852) 2564 8487
**formerly known as China ABH Shares Fund*

Intel-Chin MainInd Foc	AS	EQ	CYM	02/17	USD	28.46	-4.6	75.0	6.0
Intel-China Converg*	AS	EQ	CYM	02/17	USD	108.68	-4.7	75.0	4.0
VP Classic - A	AS	EQ	CYM	02/24	USD	178.90	-4.1	77.5	0.8
VP Classic - B	AS	EQ	CYM	02/24	USD	83.32	-4.1	76.6	0.3
VP High Dividend Stk	AS	EQ	CYM	02/22	USD	44.80	-1.4	79.3	4.0

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Yuki Management & Research
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■ YUKI INTERNATIONAL LIMITED
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■ YMR-N Series									
YMR-N Growth Fund	OT	OT	IRL	02/25	JPY	8935.00	-5.5	24.3	-20.9
YMR-N Small Cap Fund	OT	OT	IRL	02/25	JPY	6530.00	-6.9	20.5	-21.4
■ Yuki 77 Series									
Yuki 77 General	JP	EQ	IRL	02/24	JPY	5778.00	-6.1	17.3	-23.7
Yuki 77 Growth	JP	EQ	IRL	02/24	JPY	5292.00	-6.2	11.8	-27.3
■ Yuki Chugoku Series									
Yuki Chugoku Jpn Gen	JP	EQ	IRL	02/24	JPY	6613.00	-3.1	26.6	-19.2
Yuki Chugoku JpnLowP	JP	EQ	IRL	02/24	JPY	7585.00	0.6	18.7	-17.5
■ Yuki Hokuyo Japan Series									
Yuki Hokuyo Jpn Gen	JP	EQ	IRL	02/24	JPY	4534.00	-3.0	20.3	-23.0
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	02/24	JPY	5124.00	-2.4	19.1	-18.7
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	02/24	JPY	4756.00	-6.8	20.2	-20.2
■ Yuki Mizuho Series									
Yuki Mizuho Gen Jpn III	OT	OT	IRL	02/24	JPY	4177.00	-5.5	20.5	-27.1
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	02/24	JPY	4398.00	-5.7	20.2	-27.3
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	02/24	JPY	6585.00	-5.5	30.4	-21.7
Yuki Mizuho Jpn Gen	OT	OT	IRL	02/24	JPY	8211.00	-4.7	25.3	-19.6
Yuki Mizuho Jpn Gro	OT	OT	IRL	02/24	JPY	6061.00	-4.7	19.8	-21.7
Yuki Mizuho Jpn Inc	OT	OT	IRL	02/24	JPY	7441.00	-2.5	10.3	-20.6
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	02/24	JPY	5008.00	-3.5	24.0	-20.7
Yuki Mizuho Jpn LowP	OT	OT	IRL	02/24	JPY	11381.00	-1.6	28.1	-14.7
Yuki Mizuho Jpn PGth	OT	OT	IRL	02/24	JPY	7436.00	-6.6	18.8	-24.8
Yuki Mizuho Jpn SmCp	OT	OT	IRL	02/24	JPY	6573.00	-7.9	27.3	-22.1
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	02/24	JPY	5509.00	-2.5	25.9	-17.2
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	02/24	JPY	2655.00	-2.6	25.5	-24.8
■ Yuki Shizuoka Japan Series									
Yuki Shizuoka General Japan	JP	EQ	IRL	02/24	JPY	5194.00	-4.2	25.2	-20.6

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE		
	Previous session	Year-to-date	52-week
Switzerland	-0.96%	**-0.3%**	45.7%
Sweden	-0.72	**-1.1**	53.6
Japan	-0.62	**-2.2**	21.7
U.K.	-1.42	**-2.7**	35.0
Canada	-0.46	**-3.2**	36.7
South Africa	-0.11	**-3.7**	28.8
Netherlands	-1.61	**-4.3**	48.7
Australia	-1.15	**-5.0**	34.9
Singapore	-0.48	**-5.6**	71.8
South Korea	-1.61	**-6.9**	53.2
Russia	-2.52	**-7.0**	75.7
Hong Kong	-0.55	**-7.4**	50.8
Germany	-1.47	**-7.6**	34.1
France	-2.02	**-8.0**	34.8
Turkey	-2.49	**-9.6**	94.1
Italy	-2.46	**-9.7**	36.6
China 88	1.45	**-10.0**	41.9
Brazil	-2.07	**-12.4**	93.8
Spain	-1.85	**-13.6**	20.5

Dow Jones Regional Sector Titans

Nordic 30 -p	0.52%	**3.7%**	58.9%
Arab 50	0.43	**3.4**	33.6
Travel Leisure	-0.72	**2.6**	47.2
Pers H'hold Gds	-1.41	**0.6**	43.8
EU Enlarged†-p	-0.56	**-2.5%**	85.0
Asian 50	-0.68	**-3.5**	50.7
Stoxx 50 -p	0.34	**-3.8**	40.5
Global 50	-0.27	**-4.7**	39.0
Euro Stoxx 50 -p	0.16	**-7.8**	39.2
Tiger 50*	-1.19	**-7.9**	68.4

*Asia excluding Japan †15 companies from the new EU countries; Cyprus, CzechRepublic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Source: Dow Jones Indexes

Dow Jones Asia Titans: Thursday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
Seven I Hldgs	Japan	Broadline Retailers	$20.0	1,971	**1.70%**	-0.6%	-47.2%
East Japan Railway	Japan	Travel Tourism	26.8	6,040	**1.68**	7.9	-32.7
Sun Hung Kai Prop	Hong Kong	Real Estate Holding Development	35.7	108.30	**1.03**	76.7	18.5
Kansai Elec Power	Japan	Conventional Electricity	22.6	2,105	**0.72**	-7.9	-39.9
KDDI	Japan	Mobile Telecommunications	23.6	474,500	**0.42**	-4.5	-47.9
KB Fncl Group	South Korea	Banks	$16.1	48,950	**-4.02%**	81.1	-40.6
Hon Hai Precision Ind	Taiwan	Electrical Components Equipment	34.0	128.00	**-3.40**	115.5	-6.2
Samsung Elec	South Korea	Semiconductors	92.9	736,000	**-2.13**	54.3	29.8
Sony	Japan	Consumer Electronics	34.1	3,045	**-2.09**	86.2	-50.7
Panasonic	Japan	Consumer Electronics	29.1	1,250	**-1.88**	9.8	-47.0

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
National Australia Bk Australia (Banks)	45.7	24.69	**0.33%**	41.0%	-38.1%
JFE Hldgs Japan (Iron Steel)	19.3	3,255	**0.31**	62.3	-55.0
Sumitomo Mitsui Finl Japan (Banks)	43.2	2,853	**0.25**	-8.9	-75.0
Mitsubishi UFJ Finl Japan (Banks)	70.4	451.00	**0.22**	2.0	-68.5
Canon Japan (Electronic Office Equipment)	51.6	3,720	**...**	51.8	-41.9
Mitsui Japan (Industrial Suppliers)	27.7	1,360	**...**	52.8	-36.3
Tokyo Elec Power Japan (Conventional Electricity)	37.3	2,460	**...**	-8.7	-40.0
Cheung Kong Hong Kong (Real Estate Holding Development)	28.2	94.50	**-0.11**	46.1	1.8
China Life Ins Hong Kong (Life Insurance)	33.1	34.60	**-0.14**	54.8	71.3
Toyota Motor Japan (Automobiles)	115.7	3,270	**-0.15**	4.5	-58.4
China Mobile (HK) Hong Kong (Mobile Telecommunications)	195.6	76.45	**-0.20**	11.6	7.3
Westpac Bking Australia (Banks)	66.0	25.69	**-0.27**	54.3	2.5
Tokio Marine Hldgs Japan (Property Casualty Insurance)	22.3	2,518	**-0.28**	20.5	-42.9
Nippon Steel Japan (Iron Steel)	23.3	329.00	**-0.30**	31.1	-59.7
Mitsubishi Japan (Industrial Suppliers)	40.8	2,210	**-0.45**	85.1	-19.9
Woodside Petroleum Australia (Exploration Production)	27.3	43.10	**-0.51**	19.8	16.4
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	46.9	58.20	**-0.51**	30.0	-11.4
Mizuho Financial Grp Japan (Banks)	27.2	172.00	**-0.58**	-9.0	-79.2
Takeda Pharm Japan (Pharmaceuticals)	35.5	4,005	**-0.62**	1.7	-50.4
Hutchison Whampoa Hong Kong (Diversified Industrials)	30.5	55.55	**-0.63**	35.3	-24.8

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
NTT DoCoMo Japan (Mobile Telecommunications)	65.1	138,700	**-0.64%**	-8.2%	-35.5%
Nintendo Japan (Toys)	34.6	24,060	**-0.66**	-12.7	-24.3
Shin-Etsu Chml Japan (Specialty Chemicals)	22.8	4,790	**-0.73**	10.1	-35.2
China Constr Bk Hong Kong (Banks)	167.5	5.79	**-0.86**	48.5	36.2
Nippon T&T Japan (Fixed Line Telecommunications)	57.7	3,885	**-0.89**	-5.7	-37.6
Indl Comm Bk China Hong Kong (Banks)	58.1	5.43	**-0.91**	67.1	29.6
CNOOC Hong Kong (Exploration Production)	69.6	12.10	**-0.98**	77.9	94.9
Westfield Grp Australia (Retail REITs)	24.1	11.81	**-1.01**	15.2	-44.7
QBE Ins Grp Australia (Reinsurance)	20.8	23.00	**-1.03**	14.9	-28.2
BHP Billiton Australia (General Mining)	119.8	40.45	**-1.05**	41.4	47.9
Honda Motor Japan (Automobiles)	62.8	3,060	**-1.13**	26.2	-29.3
Aus NZ Bk Australia (Banks)	49.2	22.25	**-1.20**	70.5	-23.8
PetroChina Hong Kong (Integrated Oil Gas)	23.2	8.53	**-1.27**	52.3	-4.5
Japan Tobacco Japan (Tobacco)	34.5	319,500	**-1.39**	36.8	-41.2
RioZim Ltd Australia (General Mining)	37.2	69.40	**-1.42**	89.9	15.7
POSCO South Korea (Iron Steel)	34.4	530,000	**-1.49**	69.9	50.1
Commonwlth Bk of Aus Australia (Banks)	71.3	53.18	**-1.52**	78.5	7.3
Woolworths Australia (Food Retailers Wholesalers)	27.7	25.45	**-1.55**	-9.1	-5.0
Shinhan Financial Grp South Korea (Banks)	16.8	41,350	**-1.55**	94.1	-19.4
Nissan Motor Japan (Automobiles)	32.4	708.00	**-1.67**	130.6	-47.7

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

— NOTICE TO READERS —
All statistics published in The Wall Street Journal Asia from markets outside the Asian-Pacific region reflect preliminary data.

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Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	0.47%	-1.29%	-0.5%	-1.3%	5.2%
Event Driven	0.80	-1.03	0.8	-0.3	13.6
Equity Long/Short	-0.09	-0.32	2.1	0.1	3.9

*Estimates as of 02/23/10, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

Markit iTraxx Indexes

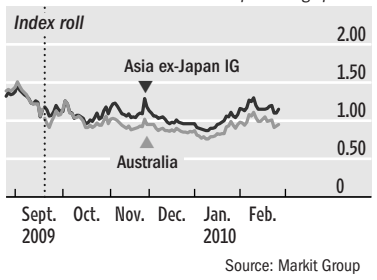
Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.86	100.62%	0.01%	1.00	0.65	0.83
Eur. High Volatility: 12/1	1.28	98.75	0.01	1.76	0.92	1.30
Europe Crossover: 12/1	4.74	100.99	0.05	6.15	3.79	4.94
Asia ex-Japan IG: 12/1	1.15	99.33	0.01	1.34	0.87	1.08
Japan: 12/1	1.49	97.76	0.01	1.68	0.99	1.36

Note: Data as of February 24

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

In percentage points



Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Hynix Semicon	471	**-6**	-4	56
Furukawa Elec	119	**-6**	-8	12
Korea Expwy	90	**-5**	-1	7
Kawasaki Heavy Inds	168	**-3**	-6	17
Mitsubishi Matls	124	**-3**	-2	22
Sekisui House	84	**-2**	-4	12
Kajima	372	**-2**	-28	12
Chartered Semicon Mfg	163	**-2**	1	8
Komatsu	43	**-1**	-1	6
Wharf Hldgs	88	**-1**	-3	...

And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
KT&G	89	**7**	-3	2
Ptt Pub	107	**7**	-3	-2
Taisei	360	**8**	-11	11
Kdom Thailand	120	**8**	2	6
Oji Paper	86	**10**	9	27
Toyota Mtr	98	**12**	14	24
Orix	317	**12**	16	37
Promise	748	**32**	55	102
Sanyo Shinpan Fin	746	**35**	55	96
Acom	346	**36**	42	67

Source: Markit Group

Behind Asia's deals: Bank revenue rankings, Global (ex US)

Behind every IPO, bond offering, merger deal or syndicated loan is one or more investment banks. Here are investment banks ranked by year-to-date revenues from recent deals.

	Revenue, in millions	Market share	PERCENTAGE OF TOTAL REVENUE Equity capital markets	Debt capital markets	Mergers & acquisitions	Loans
Credit Suisse	$236	5.7%	31%	49%	20%	...
Goldman Sachs	221	5.3	50	20	30	1%
Deutsche Bank	218	5.2	32	48	18	2
UBS	213	5.1	30	32	37	...
Citi	201	4.8	40	32	26	2
Morgan Stanley	178	4.3	21	18	61	...
Barclays Capital	175	4.2	36	54	8	3
Sumitomo Mitsui Banking Corp	156	3.7	89	5	1	5
JPMorgan	146	3.5	24	50	25	2

Source: Dealogic

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	383.75	-2.50	-0.65%	714.00	325.00
Soybeans (cents/bu.)	CBOT	949.00	-14.00	-1.45	1,087.50	819.75
Wheat (cents/bu.)	CBOT	503.50	-10.25	-2.00	745.00	472.00
Live cattle (cents/lb.)	CME	91.925	-0.500	-0.54	95.175	85.050
Cocoa ($/ton)	ICE-US	2,932	-35	-1.18	3,514	2,066
Coffee (cents/lb.)	ICE-US	129.65	-3.20	-2.41	190.40	118.30
Sugar (cents/lb.)	ICE-US	23.71	-0.69	-2.83	29.00	11.90
Cotton (cents/lb.)	ICE-US	79.47	0.31	0.39%	94.00	51.38
Crude palm oil (ringgit/ton)	MDEX	2,595.00	5	0.19	3,600	1,486
Cocoa (pounds/ton)	LIFFE	2,172	-24	-1.09	2,356	1,475
Robusta coffee ($/ton)	LIFFE	1,260	-11	-0.87	1,605	1,251
Copper (cents/lb.)	COMEX	319.70	-5.65	-1.74	355.00	140.00
Gold ($/troy oz.)	COMEX	1097.70	1.20	0.11	1,229.00	785.10
Silver (cents/troy oz.)	COMEX	1595.50	-0.80	-0.05	1,949.50	916.00
Aluminum ($/ton)	LME	2,090.00	-23.00	-1.09	2,356.50	1,301.00
Tin ($/ton)	LME	16,875.00	75.00	0.45	18,250.00	9,945.00
Copper ($/ton)	LME	7,079.00	19.00	0.27	7,695.00	3,355.00
Lead ($/ton)	LME	2,166.00	-14.00	-0.64	2,615.00	1,030.50
Zinc ($/ton)	LME	2,168.00	-8.50	-0.39	2,659.00	1,104.00
Nickel ($/ton)	LME	20,325	190	0.94	21,150	9,475
Crude oil ($/bbl.)	NYMEX	77.98	-2.02	-2.53	116.70	51.00
Heating oil ($/gal.)	NYMEX	2.0047	-0.0492	-2.40	3.4750	1.3939
RBOB gasoline ($/gal.)	NYMEX	2.1462	-0.0605	-2.74	2.2972	1.4475
Natural gas ($/mmBtu)	NYMEX	4.859	-0.198	-4.07	10.800	4.595
Brent crude ($/bbl.)	ICE-EU	76.37	-1.72	-2.20	83.58	51.55
Gas oil ($/ton)	ICE-EU	618.75	-12.00	-1.90	688.00	502.25

Source: Thomson Reuters; WSJ Market Data Group

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Currencies

London close on Feb. 25

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.2221	0.1915	3.8615	0.2590
Brazil real	2.4822	0.4029	1.8355	0.5448
Canada dollar	1.4415	0.6937	1.0660	0.9381
1-mo. forward	1.4416	0.6937	1.0660	0.9381
3-mos. forward	1.4417	0.6936	1.0661	0.9380
6-mos. forward	1.4422	0.6934	1.0664	0.9377
Chile peso	716.61	0.001395	529.90	0.001887
Colombia peso	2627.08	0.0003807	1942.60	0.0005148
Ecuador US dollar-f	1.3524	0.7395	1	1
Mexico peso-a	17.3790	0.0575	12.8510	0.0778
Peru sol	3.8535	0.2595	2.8495	0.3509
Uruguay peso-e	26.641	0.0375	19.700	0.0508
U.S. dollar	1.3524	0.7395	1	1
Venezuela bolivar	5.81	0.172180	4.29	0.232848
ASIA-PACIFIC				
Australia dollar	1.5311	0.6531	1.1322	0.8833
China yuan	9.2322	0.1083	6.8268	0.1465
Hong Kong dollar	10.5003	0.0952	7.7645	0.1288
India rupee	62.6341	0.0160	46.3150	0.0216
Indonesia rupiah	12624	0.0000792	9335	0.0001071
Japan yen	120.22	0.008318	88.90	0.011249
1-mo. forward	120.21	0.008319	88.89	0.011250
3-mos. forward	120.16	0.008322	88.86	0.011254
6-mos. forward	120.08	0.008328	88.80	0.011262
Malaysia ringgit-c	4.6125	0.2168	3.4108	0.2932
New Zealand dollar	1.9651	0.5089	1.4531	0.6882
Pakistan rupee	114.747	0.0087	84.850	0.0118
Philippines peso	62.681	0.0160	46.350	0.0216
Singapore dollar	1.9078	0.5242	1.4107	0.7089
South Korea won	1579.82	0.0006330	1168.20	0.0008560
Taiwan dollar	43.404	0.02304	32.095	0.03116
Thailand baht	44.742	0.02235	33.085	0.03023

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.7395	1.3524
1-mo. forward	1.0000	1.0000	0.7395	1.3523
3-mos. forward	1.0001	0.9999	0.7396	1.3522
6-mos. forward	1.0005	0.9995	0.7398	1.3517
Czech Rep. koruna-b	25.956	0.0385	19.193	0.0521
Denmark krone	7.4423	0.1344	5.5033	0.1817
Hungary forint	271.00	0.003690	200.39	0.004990
Norway krone	8.0668	0.1240	5.9650	0.1676
Poland zloty	3.9967	0.2502	2.9554	0.3384
Russia ruble-d	40.627	0.02461	30.042	0.03329
Sweden krona	9.7582	0.1025	7.2158	0.1386
Switzerland franc	1.4627	0.6837	1.0816	0.9246
1-mo. forward	1.4624	0.6838	1.0814	0.9247
3-mos. forward	1.4618	0.6841	1.0809	0.9251
6-mos. forward	1.4607	0.6846	1.0801	0.9258
Turkey lira	2.1046	0.4752	1.5563	0.6426
U.K. pound	0.8864	1.1282	0.6554	1.5257
1-mo. forward	0.8866	1.1279	0.6556	1.5254
3-mos. forward	0.8869	1.1275	0.6558	1.5248
6-mos. forward	0.8874	1.1269	0.6562	1.5240
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5098	1.9615	0.3770	2.6526
Egypt pound-a	7.4244	0.1347	5.4900	0.1821
Israel shekel	5.1342	0.1948	3.7965	0.2634
Jordan dinar	0.9578	1.0441	0.7083	1.4119
Kuwait dinar	0.3902	2.5627	0.2886	3.4656
Lebanon pound	2030.55	0.0004925	1501.50	0.0006660
Saudi Arabia riyal	5.0720	0.1972	3.7505	0.2666
South Africa rand	10.6320	0.0941	7.8619	0.1272
United Arab dirham	4.9672	0.2013	3.6730	0.2723
SDR -f	0.8843	1.1309	0.6539	1.5294

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	PREVIOUS SESSION Net change	PREVIOUS SESSION Percentage change	PERFORMANCE Yr.-to-date	PERFORMANCE 52-wk.
52	**ASIA-PACIFIC**	DJ Asia-Pacific	119.51	-0.69	-0.57%	-2.9%	54.0%
...	Australia	SPX/ASX 200	4594.07	-54.45	-1.17	-5.7	37.3
...	China	CBN 600	27369.90	409.58	1.52%	-5.8	52.0
18	Hong Kong	Hang Seng	20399.57	-68.17	-0.33	-6.7	58.2
18	India	Sensex	16254.20	-1.77	-0.01	-6.9	81.5
...	Indonesia	Jakarta Composite	2549.033	-30.383	-1.18	0.6	97.6
...	Japan	Nikkei Stock Average	10101.96	-96.87	-0.95	-4.2	35.5
...		Topix	891.41	-4.28	-0.48	-1.8	20.1
...	Malaysia	Kuala Lumpur Composite	1270.78		unch.	-0.2	42.2
...	New Zealand	NZSX-50	3151.686	20.804	0.66	-2.4	26.2
9	Pakistan	KSE 100	9667.17	-19.01	-0.20	3.0	71.1
14	Philippines	Manila Composite	3031.26	50.12	1.68	-0.7	61.2
...	Singapore	Straits Times	2749.15	-12.99	-0.47	-5.1	70.0
11	South Korea	Kospi	1587.51	-25.32	-1.57	-5.7	50.5
20	Taiwan	Weighted	7426.96	-102.71	-1.36	-9.3	64.4
10	Thailand	SET	717.10	1.92	0.27	-2.4	66.0
58	**EUROPE**	DJ Stoxx 600	243.23	-3.99	-1.61	-3.9	38.5
23		DJ Stoxx 50	2443.80	-42.35	-1.70	-5.2	35.4
70	**Euro Zone**	DJ Euro Stoxx	253.04	-4.40	-1.71%	-7.9%	35.3%
21		DJ Euro Stoxx 50	2686.54	-48.41	-1.77	-9.4	33.2
21	Denmark	OMX Copenhagen	332.30	-3.72	-1.11	5.3	47.6
20	Finland	OMX Helsinki	6606.14	-83.85	-1.25	2.3	48.6
16	France	CAC-40	3640.77	-74.91	-2.02	-7.5	32.6
20	Germany	DAX	5532.33	-83.18	-1.48	-7.1	40.3
13	Italy	FTSE MIB	20843.23	-503.08	-2.36	-10.3	33.1
...	Netherlands	AEX	314.85	-6.07	-1.89	-6.1	40.8
...	Russia	RTSI	1373.11	-28.37	-2.02	-3.8	150.8
10	Spain	IBEX 35	10126.2	-127.8	-1.25	-15.2	29.6
16	Switzerland	SMI	6643.96	-43.99	-0.66	1.5	39.3
...	Turkey	ISE National 100	48739.43	-920.13	-1.85	-7.7	101.7
13	U.K.	FTSE 100	5278.23	-64.69	-1.21	-2.5	34.8
18	**AMERICAS**	DJ Americas	288.61	-4.45	-1.52	-2.7	46.8
...	Brazil	Bovespa	64848.40	-946.37	-1.44	-5.5	66.8
...	Argentina	Merval	2192.43	-99.79	-4.35	-5.5	113.6
19	Mexico	IPC	31416.34	-372.20	-1.17	-2.2	71.0

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Thomson Reuters is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
		Global TSM	2215.50	-33.67	-1.50%	-4.4%	52.6%	-9.0%
1.94%	20	**Global DOW**	1858.64	-29.48	-1.56	-6.3	48.1	-6.2
2.86	15	**Global Titans 50**	165.53	-0.45	-0.27	-4.7	39.0	-10.6
2.86	15	**Asia/Pacific TSM**	1181.76	-6.56	-0.55	-2.8	59.1	-7.2
2.86	15	**Asia/Pacific ex-Japan TSM**	2873.54	-38.90	-1.34	-6.6	85.6	-1.7
2.86	15	**Europe TSM**	2424.40	-58.17	-2.34	-9.4	47.8	-13.1
2.86	15	**Emerging Markets TSM**	3804.68	-46.82	-1.22	-6.2	87.0	-1.1
2.69	43	**Asian Titans 50**	129.53	-0.89	-0.68	-3.5	50.7	-9.1
6.43	6	**BRIC 50**	546.73	-2.36	-0.43	-8.6	86.1	3.5
0.86	28	**CBN China 600** -c	27369.90	409.59	1.52	-5.8	52.0	9.4
2.39	18	**China Offshore 50**	3729.73	-30.25	-0.80	-8.5	58.4	3.8
0.88	31	**Shanghai** -c	368.50	5.38	1.48	-4.9	52.5	9.7

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
0.58%	46	**Shenzhen** -c	405.81	6.63	1.66%	-2.6%	70.0%	16.2%
0.58	46	**U.S. TSM**	11182.06	-164.21	-1.45	-1.8	47.7	-8.6
4.94	14	**Global Select Div** -d	189.90	-1.38	-0.72	-6.0	84.6	-11.6
5.55	14	**Asia/Pacific Select Div** -d	257.48	-4.02	-1.54	-4.1	101.2	-11.9
4.18	15	**Hong Kong Select Div** -d	185.00	-1.78	-0.95	-1.3	54.2	-1.0
4.17	15	**U.S. Select Dividend** -d	313.72	-4.31	-1.35	-0.6	46.1	-15.0
2.12	14	**Islamic Market**	1888.35	-31.68	-1.65	-4.4	46.3	-4.2
2.42	16	**Islamic Market 100**	2021.91	-35.49	-1.73	-4.7	34.9	-4.4
2.78	16	**Islamic China/HK Titans 30**	1435.26	-12.13	-0.84	-3.4	55.9	0.0
1.26	12	**Sustainability Korea**	1124.91	-30.66	-2.65	-6.7	99.3	-2.6
4.36	17	**Brookfield Infrastructure**	1965.43	-5.51	-0.28	-3.0	42.7	-5.2
		DJ-UBS Commodity -p	133.35	1.09	0.83	-4.2	26.6	-8.4

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
U.S.		1.132	0.655	1.066	6.827	0.739	7.765	46.315	9335.32	88.900	1.453	1168.20	3.411	46.350	1.411	1.082	32.095	33.085
Australia	0.883		0.579	0.942	6.030	0.653	6.858	40.908	8245.43	78.521	1.283	1031.81	3.013	40.939	1.246	0.955	28.348	29.222
Britain	1.526	1.727		1.626	10.416	1.128	11.846	70.663	14242.91	135.635	2.217	1782.32	5.204	70.716	2.152	1.650	48.967	50.478
Canada	0.938	1.062	0.615		6.404	0.694	7.284	43.449	8757.75	83.400	1.363	1095.92	3.200	43.482	1.323	1.015	30.109	31.038
China	0.1465	0.166	0.096	0.156		0.108	1.137	6.784	1367.46	13.022	0.213	171.12	0.500	6.789	0.207	0.158	4.701	4.846
Euro	1.352	1.531	0.886	1.442	9.232		10.500	62.634	12624.63	120.224	1.965	1579.81	4.613	62.681	1.908	1.463	43.404	44.742
Hong Kong	0.129	0.146	0.084	0.137	0.879	0.095		5.965	1202.31	11.450	0.187	150.45	0.439	5.969	0.182	0.139	4.134	4.261
India	0.0216	0.0244	0.0142	0.0230	0.1474	0.0160	0.1676		201.56	1.9195	0.0314	25.22	0.0736	1.0008	0.0305	0.0234	0.6930	0.7143
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0050		0.0095	0.0002	0.13	0.0004	0.0050	0.0002	0.0001	0.0034	0.0035
Japan	0.011	0.013	0.007	0.012	0.077	0.008	0.087	0.521	105.01		0.016	13.14	0.038	0.521	0.016	0.012	0.361	0.372
New Zealand	0.688	0.779	0.451	0.734	4.698	0.509	5.344	31.874	6424.57	61.181		803.95	2.347	31.898	0.971	0.744	22.088	22.769
South Korea	0.0009	0.0010	0.0006	0.0009	0.0058	0.0006	0.0066	0.0396	7.99	0.0761	0.0012		0.0029	0.0397	0.0012	0.0009	0.0275	0.0283
Malaysia	0.293	0.332	0.192	0.313	2.002	0.217	2.276	13.579	2737.03	26.065	0.426	342.50		13.589	0.414	0.317	9.410	9.700
Philippines	0.022	0.024	0.014	0.023	0.147	0.016	0.168	0.999	201.41	1.918	0.031	25.20	0.074		0.030	0.023	0.692	0.714
Singapore	0.709	0.803	0.465	0.756	4.839	0.524	5.504	32.831	6617.51	63.018	1.030	828.10	2.418	32.856		0.767	22.751	23.453
Switzerland	0.925	1.047	0.606	0.986	6.312	0.684	7.179	42.821	8631.03	82.193	1.343	1080.06	3.153	42.853	1.304		29.674	30.589
Taiwan	0.031	0.035	0.020	0.033	0.213	0.023	0.242	1.443	290.87	2.770	0.045	36.40	0.106	1.444	0.044	0.034		1.031
Thailand	0.030	0.034	0.020	0.032	0.206	0.022	0.235	1.400	282.16	2.687	0.044	35.31	0.103	1.401	0.043	0.033	0.970	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of February. 25, 2010

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.40%	26	**ALL COUNTRY (AC) WORLD***	289.36	-0.27%	**-3.4%**	39.1%
2.50	27	**World (Developed Markets)**	1,133.20	-0.41	**-3.0**	35.1
1.80	116	**World Small Cap**	189.60	-0.33	**-0.3**	53.1
2.60	22	**Kokusai (World ex-Japan)**	1,118.34	-0.58	**-3.6**	37.9
3.00	27	**EAFE**	1,496.88	0.06	**-5.3**	34.2
2.10	20	**Emerging Markets (EM)**	933.23	0.75	**-5.7**	76.2
2.60	22	**AC ASIA PACIFIC EX-JAPAN**	394.66	1.12	**-5.3**	72.9
2.10	22	**AC Far East ex-Japan**	425.11	0.89	**-5.5**	65.8
1.70	-36	**Japan**	560.50	-1.31	**-1.4**	14.5
2.00	19	**China**	60.27	-0.66	**-7.0**	61.0
0.90	37	**China A (China Domestic)**	3,110.56	1.55	**-8.0**	61.3
2.70	22	**Hong Kong**	9,852.77	-0.09	**-3.2**	49.6
1.00	20	**India**	663.61	-0.17	**-6.2**	83.0
1.10	16	**Korea**	455.88	-1.27	**-5.2**	42.4
2.40	19	**Malaysia**	467.41	0.33	**-0.5**	42.8
3.10	17	**Singapore**	1,543.27	-0.65	**-5.0**	56.6
2.60	232	**Taiwan**	271.30	-1.20	**-8.3**	70.0
3.00	18	**Thailand**	291.73	0.40	**-3.3**	63.3
4.00	24	**Australia**	961.85	-1.63	**-3.9**	32.1
5.40	16	**New Zealand**	83.57	0.24	**-4.2**	4.3
1.90	32	**US BROAD MARKET**	1,231.03	-0.92	**-0.5**	36.8
3.40	17	**EUROPE**	85.87	0.25	**-2.7**	28.3

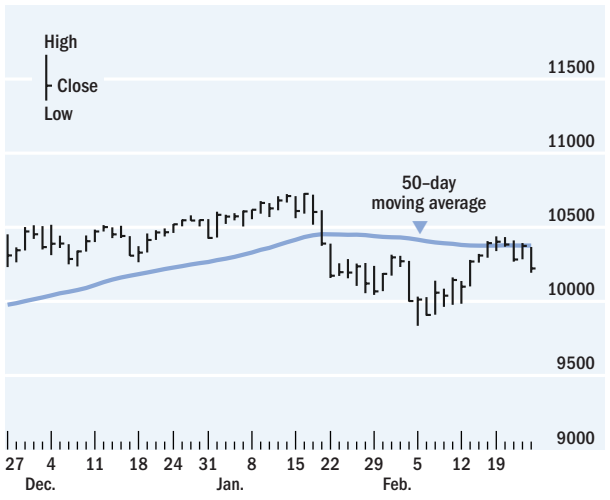
*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

SCANNING THE GLOBE

Dow Jones Industrial Average P/E: 16

LAST: **10221.95** ▼ 152.21, or 1.47%
YEAR TO DATE: ▼ **206.10, or 2.0%**
OVER 52 WEEKS ▲ **3,039.87, or 42.3%**



Nasdaq Composite Index P/E: 18*

LAST: **2206.49** ▼ 29.41, or 1.32%
YEAR TO DATE: ▼ **62.66, or 2.8%**
OVER 52 WEEKS ▲ **815.02, or 58.6%**

S&P 500 Index P/E: 24

LAST: **1090.92** ▼ 14.32, or 1.30%
YEAR TO DATE: ▼ **24.18, or 2.2%**
OVER 52 WEEKS ▲ **338.09, or 44.9%**

*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**11.20**	$24.64	-0.27	**-1.09%**
Alcoa	AA	**16.70**	12.95	-0.12	**-0.88**
AmExpress	AXP	**3.20**	37.52	-0.89	**-2.32**
BankAm	BAC	**79.40**	16.05	-0.28	**-1.71**
Boeing	BA	**1.80**	62.30	-1.18	**-1.86**
Caterpillar	CAT	**5.40**	55.38	-1.58	**-2.77**
Chevron	CVX	**4.70**	71.04	-1.30	**-1.80**
CiscoSys	CSCO	**14.60**	23.94	-0.40	**-1.64**
CocaCola	KO	**14.60**	52.62	-2.54	**-4.60**
Disney	DIS	**4.10**	31.03	-0.36	**-1.15**
DuPont	DD	**2.60**	33.09	-0.89	**-2.62**
ExxonMobil	XOM	**10.10**	64.45	-1.10	**-1.68**
GenElec	GE	**27.00**	15.75	-0.27	**-1.69**
HewlettPk	HPQ	**4.70**	50.18	-0.61	**-1.20**
HomeDpt	HD	**6.70**	31.07	-0.29	**-0.94**
Intel	INTC	**21.80**	20.27	-0.43	**-2.08**
IBM	IBM	**2.20**	125.64	-1.95	**-1.53**
JPMorgChas	JPM	**21.10**	39.81	-1.04	**-2.55**
JohnsJohns	JNJ	**3.50**	62.55	-0.90	**-1.42**
KftFoods	KFT	**8.90**	28.65	-0.40	**-1.38**
McDonalds	MCD	**3.30**	63.86	-0.85	**-1.31**
Merck	MRK	**7.10**	36.06	-0.87	**-2.36**
Microsoft	MSFT	**19.80**	28.16	-0.47	**-1.66**
Pfizer	PFE	**25.20**	17.54	-0.27	**-1.52**
ProctGamb	PG	**4.30**	63.25	-0.64	**-1.00**
3M	MMM	**1.40**	78.90	-1.17	**-1.46**
TravelersCos	TRV	**1.70**	52.39	-0.40	**-0.76**
UnitedTech	UTX	**2.20**	67.54	-1.08	**-1.57**
Verizon	VZ	**6.00**	28.61	-0.35	**-1.21**
WalMart	WMT	**5.70**	53.65	-0.27	**-0.50**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**141.1**	$3.37	–$0.08	**–2.32%**
SPDR S&P 500	SPY	**101.1**	109.11	–1.71	**–1.54**
BankAm	BAC	**83.1**	16.06	–0.27	**–1.65**
SiriusXM	SIRI	**58.5**	1.07	–0.04	**–3.18**
PalmInc	PALM	**53.7**	7.01	–1.08	**–13.35**
SPDR FnclSelSct	XLF	**47.7**	14.36	–0.27	**–1.85**
PwrShrs QQQ	QQQQ	**40.9**	43.89	–0.72	**–1.61**
DrxFinancBear 3x	FAZ	**35.3**	18.70	0.91	**5.12**
FordMotor	F	**35.2**	11.57	–0.16	**–1.36**
iShrMSCIEmrgMkt	EEM	**34.7**	37.89	–1.00	**–2.57**
BrcadeComm	BRCD	**34.6**	5.64	0.19	**3.49**
GenElec	GE	**27.9**	15.76	–0.27	**–1.65**
CocaColaEnt	CCE	**25.5**	25.70	6.52	**33.99**
Pfizer	PFE	**25.3**	17.54	–0.27	**–1.52**
iShrRu2000	IWM	**22.0**	62.06	–0.98	**–1.55**

Biggest gainers...

CocaColaEnt	CCE	**25,549.8**	$25.70	$6.52	**33.99%**
FARO Tch	FARO	**298.3**	24.08	3.40	**16.44**
CaroltnBcp	CRRB	**5.1**	5.50	0.75	**15.79**
TrueRelgnApprl	TRLG	**1,892.0**	24.01	3.23	**15.52**
SmithMcro	SMSI	**706.0**	8.64	0.91	**11.77**

...Biggest losers

JeffriesExpPrdEqty	WCAT	**3.4**	$29.88	-$8.98	**-23.11%**
AnadysPharma	ANDS	**2,644.9**	1.92	-0.39	**-16.83**
GibraltrInd	ROCK	**432.0**	11.42	-2.28	**-16.64**
Revlon A	REV	**420.1**	14.27	-2.20	**-13.36**
PalmInc	PALM	**53,660.9**	7.01	-1.08	**-13.35**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.69	$6.88	**Taiwan Semi**	TSM	**10,115.8**	$9.62	-0.20	**-2.04%**
4.24	1.65	**Utd Microelectronics**	UMC	**6,465.0**	3.28	-0.23	**-6.55**
82.74	33.09	**BHP Billiton**	BHP	**2,985.0**	71.02	-2.41	**-3.28**
13.30	6.35	**AU Optrncs**	AUO	**2,481.7**	10.04	-0.58	**-5.46**
6.84	3.71	**Mitsu UFJ Fnl**	MTU	**1,212.2**	5.00	0.01	**0.20**
8.19	4.18	**Siliconware Prec Ind**	SPIL	**1,082.0**	5.84	-0.28	**-4.58**
91.97	56.79	**Toyota Motor**	TM	**895.1**	73.17	-1.16	**-1.56**
15.95	8.74	**China Unicom**	CHU	**802.9**	11.03	-0.07	**-0.61**
18.64	12.59	**SK Telecom**	SKM	**775.9**	16.66	-0.37	**-2.17**
59.13	22.61	**Infosys Tech**	INFY	**630.7**	56.03	-0.44	**-0.78**
59.22	40.20	**China Mobile**	CHL	**584.8**	48.58	-0.87	**-1.76**
5.23	1.57	**Adv Semi Engrg**	ASX	**576.6**	4.04	-0.23	**-5.39**
21.22	16.33	**ChunghwaTel**	CHT	**372.5**	18.29	-0.20	**-1.08**
35.59	16.04	**Sony**	SNE	**315.4**	33.59	-1.01	**-2.92**
81.00	38.70	**China Life Ins**	LFC	**315.1**	65.63	-1.57	**-2.34**
7.74	2.00	**Alumina**	AWC	**278.8**	5.29	-0.36	**-6.37**
34.27	10.70	**Aluminum Cp of China**	ACH	**275.6**	23.43	-0.65	**-2.70**
18.20	6.85	**Korea Elec Pwr**	KEP	**247.2**	15.71	-0.70	**-4.27**
9.50	3.96	**Nomura Hldgs**	NMR	**246.5**	7.12	-0.17	**-2.33**
135.92	63.94	**PetroChina**	PTR	**235.2**	108.12	-3.45	**-3.09**
150.50	47.09	**POSCO**	PKX	**201.2**	113.50	-3.82	**-3.26**
25.65	5.11	**Yanzhou Coal Mining**	YZC	**193.0**	20.35	-0.80	**-3.78**
21.78	11.30	**KT Corp**	KT	**171.4**	18.77	-0.51	**-2.65**
9.82	5.43	**Telecom Corp of NZ**	NZT	**127.3**	7.73	-0.17	**-2.15**
171.59	75.59	**CNOOC**	CEO	**103.1**	153.62	-4.67	**-2.95**
94.00	46.45	**China Petro & Chem**	SNP	**102.8**	74.11	-1.79	**-2.36**
34.43	21.60	**Huaneng Power Intl**	HNP	**94.6**	23.33	-0.36	**-1.52**
37.23	20.72	**Honda Motor**	HMC	**85.0**	33.80	-0.66	**-1.92**
41.87	20.03	**Telekom Indonesia**	TLK	**79.5**	35.15	-1.27	**-3.49**
17.19	10.60	**Matsushita Elec**	PC	**66.7**	13.86	-0.30	**-2.12**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

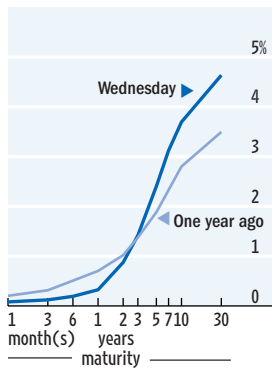
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points Latest	Previous	Month ago	Year ago	YIELD Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.590%**	**375.1**	374.4	353.4	**169.8**	**4.615%**	4.356%	**2.792%**
4.500	10	**5.555**	**190.6**	193.5	189.4	**133.9**	**5.617**	5.526	**4.269**
5.000	**Austria** 2	**1.284**	**44.5**	48.6	79.3	**26.3**	**1.357**	1.615	**1.357**
3.900	10	**3.579**	**-7.0**	-8.1	5.0	**124.7**	**3.601**	3.682	**4.177**
2.000	**Belgium** 2	**1.134**	**29.5**	30.1	60.5	**22.1**	**1.172**	1.427	**1.315**
3.750	10	**3.684**	**3.5**	0.2	15.5	**119.5**	**3.684**	3.787	**4.125**
1.500	**Canada** 2	**1.302**	**46.3**	46.0	36.2	**16.8**	**1.331**	1.184	**1.262**
3.750	10	**3.413**	**-23.6**	-25.1	-24.9	**2.4**	**3.431**	3.383	**2.954**
4.000	**Denmark** 2	**1.692**	**85.3**	86.0	105.4	**113.2**	**1.731**	1.876	**2.226**
4.000	10	**3.429**	**-22.0**	-20.6	-8.6	**47.4**	**3.476**	3.546	**3.404**
3.750	**France** 2	**0.938**	**9.9**	10.1	23.5	**40.8**	**0.972**	1.057	**1.502**
3.500	10	**3.410**	**-23.9**	-24.8	-15.6	**60.3**	**3.434**	3.476	**3.533**
1.250	**Germany** 2	**0.857**	**1.8**	4.7	29.2	**16.9**	**0.918**	1.114	**1.263**
3.250	10	**3.115**	**-53.4**	-52.5	-41.0	**7.9**	**3.157**	3.222	**3.009**
0.640	**Hong Kong** 2	**0.747**	**-9.2**	-11.4	-23.6	**-33.6**	**0.757**	0.586	**0.758**
2.160	10	**2.939**	**-71.0**	-72.7	-72.6	**-104.4**	**2.955**	2.906	**1.886**
5.000	**Italy** 2	**1.510**	**67.1**	61.9	83.4	**104.2**	**1.490**	1.656	**2.136**
4.250	10	**4.054**	**40.5**	35.2	41.2	**162.8**	**4.034**	4.044	**4.558**
0.200	**Japan** 2	**0.098**	**-74.1**	-71.1	-65.7	**-67.7**	**0.160**	0.165	**0.417**
1.300	10	**1.303**	**-234.6**	-235.8	-229.3	**-162.9**	**1.324**	1.339	**1.301**
2.500	**Netherlands** 2	**0.887**	**4.8**	7.8	39.8	**55.0**	**0.949**	1.220	**1.644**
3.500	10	**3.412**	**-23.7**	-26.7	-20.8	**88.8**	**3.415**	3.424	**3.818**
3.200	**Portugal** 2	**1.449**	**61.0**	48.6	59.7	**67.5**	**1.357**	1.419	**1.769**
4.800	10	**4.555**	**90.6**	87.0	59.6	**154.9**	**4.552**	4.228	**4.479**
5.350	**Spain** 2	**1.229**	**39.0**	41.7	68.2	**93.6**	**1.288**	1.504	**2.030**
4.000	10	**3.929**	**28.0**	23.4	44.4	**124.0**	**3.916**	4.076	**4.170**
2.750	**Switzerland** 2	**0.338**	**-50.1**	-50.9	-26.1	**-57.1**	**0.362**	0.561	**0.523**
2.250	10	**1.937**	**-171.2**	-173.4	-158.4	**-73.0**	**1.948**	2.048	**2.200**
3.250	**U.K.** 2	**0.986**	**14.7**	17.7	40.7	**33.0**	**1.048**	1.229	**1.424**
3.750	10	**4.042**	**39.3**	39.9	27.6	**52.1**	**4.081**	3.908	**3.451**
0.875	**U.S.** 2	**0.839**	**...**	...	...	**...**	**0.871**	0.822	**1.094**
3.625	10	**3.649**	**...**	...	...	**...**	**3.682**	3.632	**2.930**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.635%**	16.10	–1.74 %	0.65 %	0.65 %	–13.89 %
10-year Treasury	**3.695**	8.29	–0.39	1.78	1.78	–3.80
7 Year Treasury	**3.122**	6.18	–0.01	2.31	2.31	...
Five-year Treasury	**2.405**	4.69	0.14	1.79	1.79	2.20
Ryan Index	**2.692**	6.69	–0.30	1.45	1.45	–1.44
3 Year Treasury	**1.418**	2.90	0.12	1.26	1.26	3.09
Two-year Treasury	**0.875**	1.98	0.06	0.84	0.84	2.34
1 Year Treasury	**0.325**	0.96	0.01	0.21	0.21	1.35
Six-month Treasury	**0.193**	0.50	...	0.04	0.04	0.65
Ryan Cash Index-a	**0.180**	0.45	0.01	0.07	0.07	0.62
Three-month bill	**0.122**	0.25	0.01	0.02	0.02	0.35
One-month bill	**0.081**	0.08	..	...	...	0.13

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	3.25%
Canada	**2.25**	3.00
Japan	**1.475**	1.475
Britain	**0.50**	1.00
ECB	**1.00**	2.00
Switzerland	**0.53**	0.52
Australia	**3.75**	3.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.22875%**	0.49688%
Three month	**0.25194**	1.26125
Six month	**0.38688**	1.79750
One year	**0.84000**	2.11500

	Latest	52 wks ago
Euro Libor		
One month	**0.38250%**	1.53750%
Three month	**0.60250**	1.83563
Six month	**0.91375**	1.94625
One year	**1.19625**	2.04875
Hibor		
One month	**0.06964**	0.23500%
Three month	**0.13000**	0.83786
Six month	**0.24000**	1.19000
One year	**0.52000**	1.62643
Asian dollars		
One month	**0.2396%**	0.51%
Three month	**0.2566**	1.2580
Six month	**0.3890**	1.7740
One year	**0.8540**	2.1060

	Offer	Bid
Eurodollars		
One month	**0.3000%**	0.2000%
Three month	**0.3300**	0.2300
Six month	**0.5500**	0.3500
One year	**0.9500**	0.5500

	Latest	52 wks ago
U.S. discount	**0.75%**	0.50%
Fed-funds target	**0.25**	0.25
Call money	**2.00**	2.00
Overnight repurchase rates		
U.S.	**0.25%**	0.33%
U.K. (BBA)	**0.502**	1.083
Euro zone	**0.29**	1.29

Sources: WSJ Market Data Group; Reuters

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Thursday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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Asian index movers...

Nikkei Stock Average

Japan 10101.96

▼ **0.95% or 96.87**

Fears about Greece weighed on the market, and a rising yen hurt exporters. Sony slid 2.1%, Honda Motor gave up 1.1% and Nissan Motor shed 1.7%.

Stock	Volume in millions	Close	Change Net	Change %
Mizuho Financial	**64.87**	172	–1	–0.58
Fuji Elec	**50.01**	209	–9	–4.13
Mtshbsh Fin Grp	**42.02**	451	1	0.22
MazdaMtr	**40.98**	225	–1	–0.44
Hitachi	**39.63**	296	–4	–1.33

Kospi

South Korea 1587.51

▼ **1.57% or 25.32**

A January current-account deficit and selling by foreigners pressured the market. Woori Finance Holdings sank 3.7% despite news of a planned 7% stake sale.

Stock	Volume in millions	Close	Change Net	Change %
Kwangmyung El	**32.95**	3,295	225	7.33
Hbe Energy	**27.63**	280	–25	–8.20
First Tech Elec	**26.16**	3,865	–225	–5.50
Hansol Homedeco	**20.30**	2,385	25	1.06
Baemyung Metal	**19.18**	1,585	40	2.59

CBN 600

China 27369.90

▲ **1.52% or 409.58**

Developers and banks led gains after the China Securities Journal reported that regulators may soon resume approvals for equity fund raising by listed developers.

Stock	Volume in millions	Close	Change Net	Change %
ShanghaiPudDevBank	**194.48**	20.74	1.08	5.49
Icbc	**180.95**	4.88	0.05	1.04
China State Con	**174.98**	4.36	0.05	1.16
HaikouAgriIndustry	**161.22**	11.67	0.06	0.52
BeihaiYinheHiTech	**143.51**	7.18	0.65	9.95

ASX 200

Australia 4594.07

▼ **1.17% or 54.45**

Logistics firm Toll Holdings slid 18% and hurt market sentiment as it said half-year net fell 32%, far worse than expected. Downer EDI slid 4.3% after its profit disappointed.

Stock	Volume in millions	Close	Change Net	Change %
Goodman Grp-Stpl	**128.99**	0.59	–0.02	–2.48
Telstra	**62.96**	3.01	0.05	1.69
GPT Group	**54.94**	0.58	–0.01	–1.69
Boart Longyear	**41.69**	0.31	–0.01	–1.59
Dexus Property	**36.27**	0.82	unch	...

Asian stocks in the news

Telstra

Australia A$3.01

▲ **1.7% or A$0.05**

Debate on a government plan that could force a split in Telstra's network was delayed to mid-March.

Price-to-earnings ratio	**9**
Earnings per share, past four quarters	**0.32**
Dividend yield	**4.7**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Telecommunications	**-0.1%**	-1.1%	16.2%
Telstra	**1.7%**	-3.8%	-18.2%

ASM Pacific Tech

Hong Kong HK$71.40

▲ **3.1% or HK$2.15**

Quarterly earnings topped expecations, and the firm announced a strong outlook with robust orders.

Price-to-earnings ratio	**55**
Earnings per share, past four quarters	**1.30**
Dividend yield	**1.0**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Technology	**-1.1%**	-1.4%	78.4%
ASM Pacific Tech	**3.1%**	3.5%	227.5%

China Zhongwang Holdings Ltd.

Hong Kong HK$6.57

▲ **4.0% or HK$0.25**

The stock was lifted by news the company expects annual net profit to rise more than 70%.

Price-to-earnings ratio	**12**
Earnings per share, past four quarters	**0.54**
Dividend yield	**none**

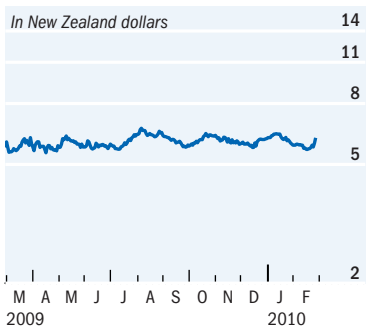
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Basic Resources	**-1.5%**	-2.3%	85.1%
China Zhongwang Holdings Ltd.	**4.0%**	9.3%	...

Contact Energy

New Zealand NZD6.14

▲ **4.2% or NZD0.25**

The stock rose for a second day after the announcement of a dividend with results Tuesday.



Price-to-earnings ratio	**20**
Earnings per share, past four quarters	**0.31**
Dividend yield	**4.6**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Utilities	**0.5%**	1.4%	11.9%
Contact Energy	**4.2%**	8.7%	7.7%

Sino Land

Hong Kong HK$14.54

▲ **4.5% or HK$0.62**

Developers rose on hopes that interest rates will stay low after the U.S. Fed chief's talk Thursday.

Price-to-earnings ratio	**41**
Earnings per share, past four quarters	**0.36**
Dividend yield	**2.8**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Real Estate	**-0.2%**	0.4%	68.8%
Sino Land	**4.5%**	8.0%	138.4%

Elpida Memory Inc.

Japan ¥1,597

▼ **3.5% or ¥58**

The Nikkei reported the firm plans to list its Taiwan unit Rexchip in Taiwan next fiscal year.

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-63.60**
Dividend yield	**none**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Technology	**-1.1%**	-1.4%	78.4%
Elpida Memory Inc.	**-3.5%**	-4.0%	163.1%

Fuji Elec Hldgs

Japan ¥209

▼ **4.1% or ¥9**

The firm plans a joint venture with GE to produce electric meters in Japan for "smart" grids.

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-12.10**
Dividend yield	**none**

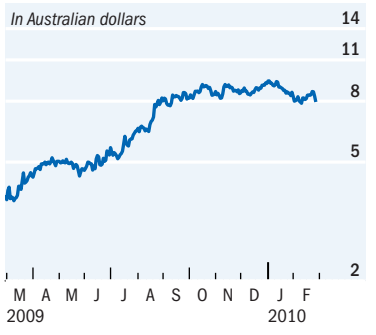
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**-0.8%**	-0.8%	70.2%
Fuji Elec Hldgs	**-4.1%**	-3.7%	143.0%

Downer EDI

Australia A$7.95

▼ **4.3% or A$0.36**

The firm still expects full-year profit to grow by around 5%, below analysts' forecasts.



Price-to-earnings ratio	**15**
Earnings per share, past four quarters	**0.54**
Dividend yield	**1.6**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Constructn & Matl	**-0.9%**	-1.1%	65.7%
Downer EDI	**-4.3%**	-5.0%	105.4%

Tosoh

Japan ¥212

▼ **4.5% or ¥10**

Goldman Sachs lowered its rating on the stock to "sell."

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-10.00**
Dividend yield	**2.8**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Chemicals	**-0.2%**	0.4%	68.4%
Tosoh	**-4.5%**	-3.2%	42.3%

Toll Hldgs

Australia A$7.10

▼ **17.9% or A$1.55**

The company's half-year net fell 32%, far worse than expectations.

Price-to-earnings ratio	**18**
Earnings per share, past four quarters	**0.40**
Dividend yield	**1.6**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**-0.8%**	-0.8%	70.2%
Toll Hldgs	**-17.9%**	-16.5%	34.2%

HEARD ON THE STREET

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An acquisitive mood returns to India

India's companies are back in the market for global deals. Investors can only hope they've learned the lessons of past forays.

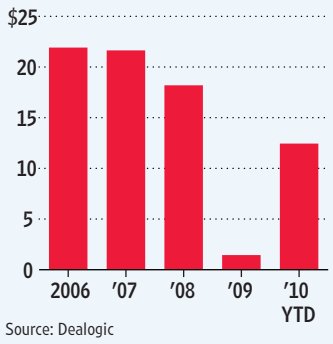
Overseas acquisitions have already reached a record level of $12.4 billion this year, Dealogic says. **Bharti Airtel**'s $10.7 billion bid for the African assets of Kuwait's **Mobile Telecommunications** accounts for the bulk of this. But recovering business confidence will have others adding to the total.

The motives are varied. Bharti is seeking access to faster-growing markets. **Shree Renuka Sugars** has snapped up a pair of Brazilian counterparts amid record-high sugar prices at home. **Oil & Natural Gas**, meanwhile, wants to spend abroad to meet India's energy demands. Software firms are looking for targets in Europe and Latin America to diversify away from the U.S. market. With borrowing costs at record lows, and stock valuations near record highs, financing the deals has grown easier.

The worry in India is that buyers will pay too much and pile up debt, with little benefit for shareholders. **Reliance Industries**, which has so far unsuccessfully bid for chemical company **LyondellBasell Industries**, has sold $2 billion of its own stock to fund the deal. Its latest $14.5 billion offer for Lyondell is higher than the target's fair value, Citi Investment Research says. Anything more will eat into the deal's benefits.

Coming out

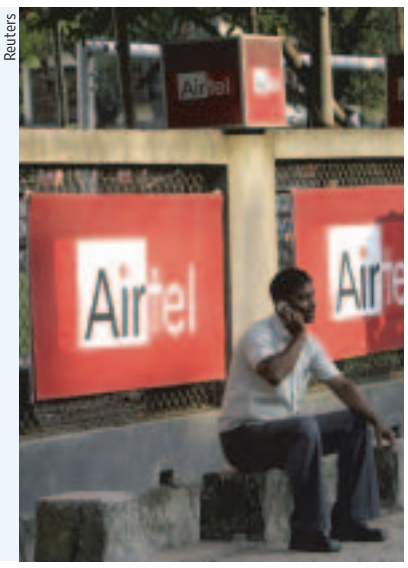
Mergers and acquisitions of foreign companies by Indian firms, in billions



Source: Dealogic

Bharti Airtel has made a $10.7 billion bid for some African assets.

Reuters



Bharti will borrow as much as $9 billion to fund its acquisition, something that Daiwa Capital Markets says will dilute earnings by 20%. Its stock is down 11% since that bid was reported.

Between 2006 and 2008, Indian companies spent $62 billion to buy companies overseas, many at peak valuations. These targets, first touted as a symbol of corporate India's global emergence, rapidly became sore spots. **Tata Motors** borrowed heavily to fund its $2.5 billion acquisition of Jaguar Land Rover in 2008, only to struggle to repay the debt as auto sales slumped.

A Watson Wyatt study of acquisitions by India Inc. between 1998 and 2007 showed that global acquirers had no notable increase in their stock-market value in the 12 months after an acquisition.

What is more, a year after the deals were struck, share prices of those that bought targets in the U.S. and U.K.—the top destinations for Indian investment—lagged the broader stock market by as much as 20%.

Investors can take some comfort in the fact that lenders have grown more conservative in their willingness to finance the bids. Bankers say smart, strategic deals are in.

Maybe. India Inc. is returning to its old exuberant self. The trophy deals may not be far behind.

—Harsh Joshi

Chinese banks warm up for a capital performance

Chinese banks are tuning up for some hefty capital raising. The true quality of local governments' finances could determine when the trend reaches a crescendo.

Bank of Communications, the country's fifth-largest by assets, is the latest in on the act, looking to raise $6.1 billion in a rights issue. On the surface, the urgency is hard to understand, as banks' balance sheets look reasonably healthy. The ratio of nonperforming loans at the top four listed banks averaged just 1.57% at the end of September.

The banks' plans, though, are starting to follow a pattern: Those most zealous about making new loans last year have been the first to seek new funds. Bank of China, whose lending rose the most in 2009, said last month it wants to sell $5.9 billion in convertible bonds, and is seeking a mandate to issue as much as $30 billion more in new capital.

The moves are rooted in the fear that China's 2009 lending spree will be followed by a rise in bad loans. This is where the local governments come into the picture.

Though these bureaucracies aren't technically allowed to borrow from banks, they can circumvent the rules by creating investment vehicles to which banks are permitted to lend. Getting accurate data on how much lending was steered to such entities last year is tricky. UBS economist Tao Wang suggests in a report that it could have totaled as much as $732 billion, more than half of all new lending by Chinese banks in 2009.

Stress is likely to emerge for local governments that have borrowed heavily, especially if revenue from land sales falls. That, in turn, could lead to a sharp rise in nonperforming loans—the central reason UBS estimates new lending in 2009 and 2010 will lead to between $366 billion and $439 billion in bad loans in the coming years.

Set against that, fund raising by China's leading banks is still small. For sure, the relative health of their balance sheets leaves Chinese banks with some breathing space.

But the recent moves by Bank of China and Bank of Communications look more like the overture than the full opera.

—Andrew Peaple

Soccer's woes lie at bottom, not at the top

Sports bubbles threaten to burst around the world, but doomsayers remain focused on the wrong things.

Soccer-mad Europe is gnashing its teeth about a new financial report from the sport's overseer, the Union of European Football Associations, that shows the game is nearly drowning in debt, especially in England.

The English Premier League does have a lot of debt, about £3.8 billion ($5.85 billion), according to the UEFA report, roughly half the total debt held by professional European teams. But it mostly is concentrated in top teams, including Manchester United (an estimated £760 million), Liverpool and Arsenal.

Big debt figures garner headlines and ire from fans, especially in the case of Manchester United, owned by the U.S. Glazer family, but they are deeply misleading.

The English Premier League's top teams enjoy a world of still-increasing riches. **Nike** pays Manchester United a small fortune to wear its branded gear. **Aon**, an insurance company, will pay much more than **American International Group** to sponsor United's jerseys starting next season.

Ownership of top teams ranges from Russian oligarchs (Chelsea) to Persian Gulf sheiks (Manchester City). At Arsenal, a U.S. real-estate magnate married to a Wal-Mart heir is battling yet another Russian oligarch for control.

Things at the bottom of the table aren't nearly so lush. Teams are happy to get free shoes and shorts, let alone an equipment-sponsorship fee. Shirt sponsors range from obscure betting services (Wigan) to even more obscure betting services (Sunderland).

Sports bubbles burst not from the top, but from the bottom.

Wienerberger
EUR 338,300,000
Rights Issue
Joint Bookrunner
September 2009

unibail·rodamco
EUR 575,000,141
Convertible Bond Offering
Joint Bookrunner and Joint Lead Manager
April 2009

U. S. Steel
USD 862,500,000
Convertible Bond Offering
USD 692,070,000
27,140,000 Common Shares
(Follow-On Offering)
Joint Lead Manager
April 2009

Vestas
DKK 5,975,500,000
Accelerated Bookbuilt Offering
Joint Bookrunner and
Joint Global Co-ordinator
April 2009

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